

The Idea of Conditional Cash Transfers

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Master's Thesis

May 2014

UNIVERSITY OF TAMPERE
School of Social Sciences and Humanities

HEIMO, LAURI: The Idea of Conditional Cash Transfers

Master's Thesis, 123 p.
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Social Policy
May 2014

The point of departure for this thesis was that a social policy model based on social investment principles became dominant in Latin America at the end of the 20th century. Conditioning a cash transfer on requirements of human capital accumulation became the prevailing idea on the anti-poverty and development agenda in Latin America and subsequently in other development contexts. The policy model was built to tackle persistent and extreme poverty by attempting to reduce poverty in the short-term and by breaking the intergenerational cycle of poverty in the long-term. Nearly all countries in Latin America, and several others in the Global South, have implemented a CCT regardless of government ideologies and political perspectives, which raises interesting questions on the substantive content of the idea and its ability to appeal to such a diverse group of politicians and policymakers.

In this thesis the *idea of CCTs* is studied from a broad theoretical perspective. I approach CCTs through the framework established most particularly by Jal Mehta (2011) who views ideas as *problem definitions* and as *policy solutions*. Through this framework I examine the underlying theoretical principles and assumptions that have guided the policy formation of conditional cash transfers, while assessing some of the factors that make the policy model so appealing to governments from different ideological backgrounds. The study is mainly carried out as a theoretical policy analysis, but in addition to the theoretical part of the study, I got an opportunity to study a particular conditional cash transfer in practice through a case study research strategy. The conditional cash transfer program of the Autonomous city of Buenos Aires, Ciudadania Porteña, is studied as empirical proof of the conditional cash transfer phenomenon.

This study suggests that the policy idea of conditional cash transfers merges different social policy traditions and different, sometimes contradictory, theoretical principles. CCTs can be seen as representing *rights based* social protection, *residual* and *cost-effective targeted* social protection and economically productive social protection based on *social investments*. I argue that as hybrid social protection programs conditional cash transfers have the potential to gain legitimacy and appeal to a wide range of policymakers based on the underlying ideas that can be framed from different angles allowing them to be perceived as a proper solution to various problems, constructed from various perspectives.

Keywords: conditional cash transfers, ideas, social investment, social protection, Latin America, Argentina, Ciudadania Porteña

Table of Contents

1. INTRODUCTION	1
1.1 THE RESEARCH MISSION AND APPROACH	3
1.2 THE STRUCTURE OF THE THESIS	5
2. THE FRAMEWORK FOR STUDYING IDEAS.....	7
2.1 ON THE STUDY OF IDEAS.....	7
2.2 THE FRAMEWORK FOR STUDYING THE IDEA OF CONDITIONAL CASH TRANSFERS	9
3 THE CONCEPTS AND CONTEXTS OF THE STUDY.....	14
3.1 THE SOCIAL INVESTMENT PERSPECTIVE.....	14
3.1.1 <i>The re-emergence of productive social policy</i>	17
3.1.2 <i>Rediscovering social policy in in the international development discourse</i>	19
3.2 SOCIAL PROTECTION AS A POLICY APPROACH.....	22
3.3 THE WAVE OF SOCIAL ASSISTANCE INSTRUMENTS	26
3.4 HISTORICAL TAKE ON SOCIAL POLICY IN LATIN AMERICA	30
4. CONDITIONAL CASH TRANSFERS AS A SOCIAL POLICY IDEA	36
4.1 WHAT ARE CONDITIONAL CASH TRANSFERS?	36
4.2 HOW THE POLICY SOLUTION WAS INSTITUTIONALISED IN LATIN AMERICA	37
4.2.1 <i>PROGRESA – Oportunidades</i>	38
4.2.2 <i>Bolsa Familia</i>	42
4.2.3 <i>How Latin America embraced the idea</i>	46
4.3 THE ESSENTIAL FEATURES OF CONDITIONAL CASH TRANSFERS	49
4.3.1 <i>The targeting</i>	49
4.3.2 <i>The benefit</i>	53
4.4 THE CONDITIONS.....	55
4.4.1 <i>Paternalism</i>	56
4.4.2 <i>Social efficiency</i>	57
4.4.3 <i>Rights</i>	58
4.4.4 <i>Political economy</i>	59
4.4.5 <i>The arguments against conditions</i>	60
4.5 THE IDEA OF CONDITIONAL CASH TRANSFERS.....	62
4.5.1 <i>The centre of gravity</i>	63
4.5.2 <i>The root causes of poverty</i>	64
4.5.3 <i>Rights perspective and the economic perspective</i>	65
4.5.4 <i>The social contract</i>	66
5 CASE ARGENTINA	69
5.1 HOW WAS CIUDADANÍA PORTEÑA STUDIED AS A CASE	69
5.2 THE LOCAL CONTEXT.....	74
5.2.1 <i>Social policy and social protection in Argentina</i>	74
5.2.3 <i>The political context in CABA</i>	77
5.3 ESTABLISHING A CCT IN BUENOS AIRES.....	81
5.4 AN OVERVIEW OF CIUDADANIA PORTEÑA	83
5.4 IMPLEMENTING CIUDADANIA PORTEÑA	100
5.4.1 <i>Political viability</i>	100
5.4.2 <i>Administrative viability</i>	102
5.4.3 <i>Policy viability</i>	103
6. DISCUSSION AND CONCLUSIONS	106
REFERENCES:	110

Figures and tables

Figure 1. The overall social policy system.....	24
Figure 2. The overall social protection system.	27
Figure 3. The variations of cash transfers.....	28
Table 1. The implementation of national CCTs in Latin America.....	46
Figure 4. Tarjeta de compra.	93
Table 2. Essential design features of Oportunidades, Bolsa Família and Ciudadania Porteña.	99

Abbreviations

AUH: Asignación Universal por Hijo para protección social

BF: Bolsa Família

BLT: Bantuan Tunai Langsun

CABA: Ciudad Autonoma de Buenos Aires

CCT: Conditional Cash Transfer

CP: Ciudadania Porteña – Con Todo Derecho

ECLAC: Economic Commission for Latin America

HI: Historcal institutionalism

IFI: International Financial Institution

IFPRI: The International Food Policy Research Institute

IMF: International Monetary Fund

IPC: International Poverty Centre

LA: Latin America

MLSS: Minimum Living Standards Scheme

NREGS: National Rural Employment Guarantee Act

PAGV: Programa de Atención a Grupos Vulnerables

PF: Programa Familias por la inclusión social

PJ: El Partido Justicialista

PJJHD: Plan Jefes y Jefas de Hogar Desocupados (Program for Unemployed Male and Female. Heads of Households)

RI: Rational choice institutionalism

SI: Sociological/cultural institutionalism

SP: Social Protection

TDC: Tarjeta de Compra (Debit card used in Ciudadania Porteña)

UCR: Union Civica Radica

WB: World Bank

1. Introduction

The notion that governments should use social spending as a means to enhance the human capital accumulation of its citizens has caught on in social policy approaches from the developed to the developing countries, penetrating policy formulation in both contexts. The basic idea is that the beneficiaries and the society as a whole benefit when people are more skilled and able to support themselves. This social policy approach has been conceptualised as the *social investment perspective* (Jenson 2009).

A social policy idea based on social investment principles became dominant in Latin America at the end of the 20th century. The basic design and policy rationale for what became the *conditional cash transfer* phenomenon was created in the particular contexts of Mexico and Brazil. The two countries launched social assistance programs intended to alleviate poverty in the short-term and to break the intergenerational cycle of poverty in the long-term through conditioning a cash transfer on human capital interventions. In an interview published on the Inter-American Development Bank's youtube-channel, Santiago Levy, the creator of Mexico's conditional cash transfer program PROGRESA-Oportunidades, crystallises the idea of conditional cash transfers as follows:

"The idea is simple: to help poor families in the here and now, while investing in the human capital of their children in the form of education, nutrition and health so that we wont have to help them in the future. The obtained human capital resulting in more productive work opportunities and better salaries so that they can overcome poverty." (Santiago Levy 2013.)

The first conditional cash transfer programs, Mexico's *Progres*a, which was later named *Oportunidades*, and Brazil's *Bolsa Escola*, that later merged with other programs to form *Bolsa Família*, became success stories spearheading a social policy phenomenon that has swept through Latin America since the late 1990s and been imported¹ and imitated from New York to the Philippines. Considered innovative and groundbreaking CCTs have been applauded for reducing poverty, increasing school attendance rates and contributing to improvements in

¹ Today there are numerous CCTs outside of Latin America, for example in: New York, Turkey, Pakistan, Philippines, India, Indonesia, Burkina Faso, Cambodia, Jamaica, Kenya, Nigeria, South Africa, Yemen (worldbank. Conditional Cash Transfers - Country Overviews & Project Info, accessed 12.5.2014)

health and nutrition. CCTs are of particular interest to the social policy and development policy communities, because they are state led monetary transfer schemes implemented in developing and middle income countries and built to tackle persistent and extreme poverty. Today there are numerous CCT programs in Latin America and increasingly in other parts of the world reflecting the particular local contexts, and although the size and technical details may vary significantly, the programs share three key features: *a monetary transfer* (generally favouring women as the recipients of the transfer), *conditions* on education and/or health and *a targeting* mechanism (Fiszbein & Schady 2009).

Since the first programs were initiated in the late 1990s, a great number of comprehensive studies about CCTs have been produced by the institutions put in charge of the program evaluations (Skoufias, 2002; Skoufias & Parker 2001), academic scholars (Hanlon, Hulme & Barrientos 2010; Soares & Osório 2007; Soares, Ribas & Osória 2010; Osório, Soares, Medeiros & Zepeda 2009; Lomelí 2008) and researchers representing international financial institutions, particularly the World Bank (Fiszbein & Schady 2009; Rawlins & Rubio 2004). These studies offer a broad overview of conditional cash transfer –programs: their design, impacts and the main arguments for and against this particular brand of cash transfer.

In 2004, Feitosa de Britto (7) noted that:

"Since CCTs are very recent initiatives, with considerable support from the donor community, most studies and reports have been published as grey literature, either by governments or international organizations. This material tends to highlight all the good things about CCTs, with little information on their potential problems, making it more difficult to convey an objective overview".

A decade has passed, but for the most part the literature is still evaluative and focuses on the design features and impacts of CCTs.² Surprisingly little has been written on how this precise *social assistance instrument* has become so overwhelmingly popular that countries around the Global South are adopting it and nearly each Latin American country has implemented at least one such program regardless of their political position (Sugyama 2011, 258). Although the literature is scarce, some scholars have approached the phenomenon through perspectives

² A large part of the evaluations focus on the Mexican program PROGRESA-Oportunidades that included extensive nonpartisan evaluations as part of the original program design. The International Food Policy Research Institute (IFPRI) was entrusted to coordinate the first round of evaluations in 1998. (Lomelí 2008, 477.)

that Schmidt (2010, 2008, see chapter 2) would call discursive institutionalism, specifically asking questions why the idea of CCTs has become so prominent in Latin America, what explains the diffusion of the CCT model and which factors need to be taken into account when analysing why a particular state has established a CCT (see de Britto 2004; Sugyama 2011; Fenwick 2013; Franzoni & Voorend 2011).

CCTs have been considered a new and innovative form of social policy and they have been embraced across ideological boundaries, but very little has been written on the underlying theoretical principles and assumptions that have guided the policy formulation of conditional cash transfer programs and what are the factors that make the policy model so appealing.

1.1 The research mission and approach

The thesis deals with conditional cash transfers as a new policy idea for poverty reduction and social protection. The focus on CCTs as a *policy idea* links the research approach to the policy analysis research tradition. In addition, the study of ideas links the approach to a school of thought labelled *discursive institutionalism* (further explained in chapter 2) in a sense that in this thesis ideas are taken seriously and they are considered to play a significant role in explaining change and new innovations in social policy.

CCTs have become the gold standard of social protection instruments in The Global South, with the policy model having spread widely outside of Latin America and the programs being implemented by governments representing different, often contrasting, political orientations (see Sugyama 2011). This raises interesting questions about the substantive content of the idea in terms of its potential to appeal to a wide range of policymakers. With CCTs having become so influential and widespread, it is necessary to be aware of the idea or ideas behind the policy model. All social policies reflect certain theories about human behaviour, and the role of the state, market and individuals in providing social protection (O'Brien & Penna 1998), and awareness of these theories is crucial in the implementation stage of a new policy. Additionally, the debate about conditionality in social security is currently a topical issue also in Finland. Public debate on increased work obligations for the unemployed and the activation of youth through tightening of the conditionalities in social assistance and non-contributory unemployment benefits are timely issues in the context of a "Nordic welfare model" as well.

In an attempt to unpack some of the underlying theoretical principles and assumption of conditional cash transfers and explore the aspects that make them so widely embraced, I study CCTs from a broad theoretical perspective with a focus on the policy idea. This thesis does not attempt to study the causal mechanisms that have led to the diffusion of conditional cash transfers in Latin America and elsewhere. It also does not seek to cover the discursive process that led to the idea of CCTs becoming the prevailing idea on tackling poverty in a development context, or the actual performance or the pros and cons of the design features of the programs regarding performance. Moreover, as a complex phenomenon, there are several aspects of CCTs that could be emphasized in a theoretical study, but due to the need to delimit the scope of the research; interesting aspects of conditional cash transfers are left out of this thesis. For example, the design of CCTs evokes an interesting angle on gender, regarding the focus on mothers, girls education and intrahousehold relationships, but these themes are not dealt with in this thesis. For analysis on conditional cash transfers from the perspective of gender see Molyneux (2007), Jenson (2009b) and Tabbush (2009).

I start from the assumption that CCTs have become the prevailing idea on the anti-poverty and development agenda and focus is on the underlying theoretical and political commitment of CCTs. O'Brien and Penna (1998, 3) describe the importance of theory in social policy as follows:

"To understand social policy and social welfare it is necessary to be conscious of theory in two senses simultaneously. First, it is necessary to be aware of the theories and assumptions within which particular policies are formulated and implemented. Second, it is necessary to be aware that different theories bring different dimensions of the effects and consequences of policies into view: they enable us to see elements of the organisation of welfare on which we do not normally focus our attention."

In addition to the theoretical part of the study, I got an opportunity to study a particular conditional cash transfer in practice. The case study was included to provide a concrete example of how the social policy idea of conditional cash transfers has been put into effect. The conditional cash transfer program of the Autonomous city of Buenos Aires, Ciudadania Porteña, was studied as empirical proof of the conditional cash transfer phenomenon. The mission was to deepen the analysis of the idea of CCTs through a concrete case. Therefore Ciudadania Porteña is approached as an exemplary analytical unit, tied to a certain time and space. In a mission to account for a concrete example of the implementation of the idea, a

more descriptive overview of the particular design features of Ciudadania Porteña is provided. While aware of the challenge in combining these two tasks and approaches to CCTs, I found the combination to be relevant. The case of Ciudadania Porteña allows for a more detailed description of CCTs as a policy solution, while providing an opportunity to take a look at some of the factors that led to the implementation of a conditional cash transfer program.

Through this research approach I aim at making two contributions to the research on conditional cash transfers. The primary aim is to analyse the conditional cash transfer programs as a policy idea in terms of the underlying theoretical principles and assumptions, with the aim of uncovering some of the factors that make conditional cash transfers so appealing to governments from left to right. The secondary aim is to shed light on a little-known conditional cash transfer program by using it as an example of how the idea of conditional cash transfers has been implemented in practice. The hypothesis here is that based on its characteristics Ciudadania Porteña (CP) represents the CCT phenomenon and using CP as a case opens up a new angle to understanding the studied idea.

1.2 The structure of the thesis

Chapter two outlines the way conditional cash transfers are approached as an idea. The chapter focuses on the research on ideas, followed by an introduction of the tools that are used to study conditional cash transfers as policy ideas in this thesis.

Chapter three aims at contextualizing the studied phenomenon and at introducing the central concepts that are used in this thesis to understand the phenomenon of conditional cash transfers. First, I explore the emergence of a social investment perspective in social policy thinking. This is done to trace the origins of the most essential idea in conditional cash transfers; that social spending should be regarded an investment in the human capital of the beneficiaries. This is followed by an overview of social protection as a policy approach and a historical look at social protection in Latin America.

Chapter four deals with the idea of conditional cash transfers. The aim is to examine the theoretical principles and assumptions that the programs are based on, with the aim of uncovering some of the factors that make conditional cash transfers so appealing. Chapter four is the anchor and the most important chapter of this study.

In *chapter five* I turn my attention to Argentina and the Autonomous city of Buenos Aires, in an effort to provide an additional angle to the study of the idea of conditional cash transfers. The chapter focuses on the political and social policy context, in which the program Ciudadania Porteña – Con Todo Derecho was created and implemented. And examines Ciudadania Porteña through a case study research strategy.

Chapter six sums up the key findings of the study

2. The framework for studying ideas

This thesis deals with conditional cash transfers as a policy *idea*; it is therefore essential to clarify the concept of an idea and the process of studying them. First, I present an overview of the study followed by an introduction of the tools used to study ideas. Second, I will describe the approach used to study conditional cash transfers in this thesis.

2.1 On the study of ideas

The Internet is full of quotes from clever human beings who are cited on the power that ideas have in shaping our social realities. It seems that the role of ideas has been acknowledged by intellectuals, poets and statespersons, but until recently neglected in social science research. What is meant by ideas has varied from broad notions of culture, shared belief systems and worldviews to specific strategies of action and policy programs (Campbell 1998, 377). While it is common sense that ideas in the form of ideologies, economic theories and political programs have been essential in creating, shaping and changing the institutions and structures that constitute the societies we inhabit, the research on *how* ideas mold these institutions is of fairly recent origin (Campbell 1998; Saari & Kananen 2009; Beland & Cox 2009; Schmidt 2008, 2010).

The literature on ideas generally uses the “three new institutionalisms” as the starting point in explaining the emergence of research focused on ideas. Traditionally the research on change in social policy has emphasized the importance of structures, class based interests and institutions as the factors contributing to the shaping of social policy (Saari & Kananen 2009). In practice this has meant that welfare systems and social policy have been approached through an institutionalist research framework, and since the 1980’s specifically through the three “new-institutionalisms”: rational choice institutionalism, historical institutionalism, and sociological/cultural institutionalism (Campbell 2004; Beland & Cox 2011; Schmidt 2008; Schmidt 2010). The ‘new institutionalisms’ explain change and continuity in social policy and welfare states through behaviour of rational actors within political institutions (RI), structures and practices (HI) and norms and culture of social agents (SI). The acknowledged weakness of the new institutionalisms has been their analysis of change. All have traditionally explained change as coming from outside as exogenous shocks. They stress continuity

through for instance fixed preferences and stable institutions (RI), path dependencies (HI) and cultural norms and rules (SI). (Schmidt 2010, 2008.)

The new institutionalisms have been conceived as useful tools in explaining continuity (Schmidt 2010, 2) and the *prospects* for policy reform, but limited in providing an explanation of the specific form that policy change takes (Béland & Hacker 2004, 45). If the aim is to provide insight on why a particular welfare state, for example, is different than others, it may be enough to refer to a distinctive framework of political institutions. But if the aim is to explain how the particular framework of political institutions has taken the form that it has, it is necessary to focus on the forces that shape actual policy choices. (ibid. 45.) Decision-making and implementation are not exclusively rational planning based on self-interest and knowledge. Different perceptions of reality, values and justice influence decision-making and the final outcomes of policies. (Saari & Kananen 2009, 15.) The scholars working with ideas emphasize the analytical difference between ideas and interests. Opposed to the materialist tradition, interests are not seen as objective facts, but historical, social and political constructions (Campbell 1994).

Schmidt (2008, 2010) argues that the turn³ to ideas has led to the emergence of a fourth new institutionalism that she labels discursive institutionalism. She describes discursive institutionalism as an *“umbrella concept for the vast range of works in political science that take account of the substantive content of ideas and the interactive processes by which ideas are conveyed and exchanged through discourse”*. Concretically this means that discursive institutionalists, all those who take ideas and discourse seriously, deal with ideas about *‘what is and what ought to be’*, combining cognitive ideas referring to a way of understanding things in the sense of “what is and what to do”, and normative ideas indicating “what is good or bad about this in reference to what one ought to do” (Schmidt 2008, 306). Kananen and Saari (2009) note that perhaps the biggest contribution of the ideational analysis to the earlier frameworks (see the three new institutionalisms) is the more explicit understanding of the limits of rationality. Policy-making and implementation are not merely acts based on self-interest and rationality, but different understandings of reality, different sets of values and views about equity play a role in determining the policy outcomes.

³ Or the re-emergence of the importance of ideas. In the 19th and early 20th century ideas such as marxism, socialism, liberalism were generally acknowledged as the forces shaping policies (Saari & Kananen 2009; Béland & Cox 2011)

My interest lies specifically in the substantive content of ideas. Therefore this study focuses on the idea that has been established and taken the form of conditional cash transfers. The interactive process by which ideas were conveyed and exchanged through discourse, and which led to the formulation of the idea of CCTs is beyond the scope of this study. For studies dealing with the interactive and discursive processes that have led to the formulation and diffusion of CCTs see Sugiyama (2011), Franzoni (2011) and Feitosa de Britto (2004).

2.2 The framework for studying the idea of conditional cash transfers

Within the framework of discursive institutionalism the role of ideas have been approached from different perspectives and the study of ideas have been carried out using different tools. The toolkit consists of ways to analyse different dimensions or levels of understanding. Kananen and Saari (2009) consider the core elements of idea analysis concerning change in social policy to be *policy paradigms*, *policy frames* and *agenda setting*. On the most general level ideas have been studied as general philosophies and paradigms. These are broad ideas cutting across substantive areas that could be seen as dominant perspectives (see Jenson 2009) in a society as a whole or in a certain scientific field for example. In chapter 3.1 two such cross cutting and dominant ideas, the perspectives of keynesianism and neoliberalism, are introduced. Most of the political battle is fought at the level of framing and agenda setting. Framing different policy approaches may be used to serve the purpose of convincing political opposition of the benefits of a particular policy approach as well as attracting potential voters behind the proposed policy approaches (Saari 2011). The way a problem is framed has significant implications on the types of policy solutions that will be seen as desirable" (Mehta 2011, 27). Agenda setting is a process through which each interest group uses the recourses available to include certain themes on the agenda and exclude others (Kananen & Saari 2009). Essentially a paradigm is the lenses through which a phenomenon is seen in the society in general, policy frame is the way the phenomenon is portrayed in a political program or in the media for example and the study of agenda setting takes a look at whether and how this phenomenon is raised to the agenda in political programs and media.

In this thesis ideas are studied through the framework established most particularly by Jal Mehta (2011) who views ideas *as problem definitions* and *as policy solutions*⁴. Mehta adapts the studies by Peter A. Hall⁵ (1993) by approaching these ideas through *cognitive*, *normative* and *functional* dimensions of understanding. The cognitive level defines the problems (what is and what to do) while the normative level reflects the understanding of fairness and equity underlying the definitions on the cognitive level (what is good or bad about this in reference to what one ought to do). The two are connected at the functional level where a solution is formulated that provides the means for solving the problem and doing so in a way considered in line with the understanding of fairness and equity. In his approach not only do ideas play a role in change in political institutions, but the change in ideas affect institutions. Following this logic change manifests itself in a causal relation, where new problems or challenges are countered with new ideas, based on which new institutions are established.

Mehta's understanding of problem definitions stems from social constructionism that sees social problems not as objective conditions but constructions established as such through a process of interaction between groups or individuals who claim that this particular condition is in fact a problem (Spector & Kitsuse 1979). How problems are defined and why the problem is considered a problem depends on the way of understanding social realities, on the ideas that the actors hold and the public philosophies or paradigms that influence these understandings.

In the narrowest sense, ideas can be understood as policy solutions (Mehta 2011). With this logic, there is an implicit assumption that there is an objectively identified problem and clear objectives to address this problem. Say, there's too much poverty (a problem), it is necessary to reduce the level of poverty (an objective). The logic goes that there is a policy idea (a conditional cash transfer program) that provides the means for solving the problem and accomplishing the objectives. But as established earlier, problem definitions are results of different levels of understanding. To understand the process of why and what kind of a policy

⁴ The third level in his framework is public philosophies that in his conceptualisation can take the form of a *zeitgeist*, referring to a set of assumptions that are widely shared and not open to criticism in a particular historical moment. The analysis of public philosophies or the *zeitgeist* is not in the scope of this thesis.

⁵ In his study on economic policymaking in Britain in the 1970's and 80's Hall (1993) approaches ideas through *cognitive*, *normative* and *functional* dimensions that together constitute a policy paradigm.

ends up being implemented, it is vital to account for the roles ideas can play as problem definitions. Mehta continues that problem definitions are at the same analytical level as paradigms, but whereas paradigms tend to evoke the notion of a single dominant idea that governs, problem definitions evoke the fluid nature of constantly competing ideas that highlight different aspects of a given situation. (Mehta 2011, 31.)

For an idea to become a policy solution, there needs to be a problem that needs a solution, and for there to be a problem, a certain phenomenon needs to be constructed as such. Spector and Kitsuse recommend that social problems be conceived and defined as:

“An activity by which groups identify “problems” which they claim to be harmful, undesirable, unjust and in need of corrective attention. By this definition, any and every problem claimed to be a problem by whatever group on whatever grounds would qualify as subject matter for the study of social problems. A major consequence of this definition is that a social problem is not seen as an “objective condition” but rather as the process of interaction between claimants that is organized by what they claim to be “a problem”.
(1979, ix-x)

Much of political argument is fought at the level of problem definition between these claimants. Problem definition is a contested process among actors with varying levels of power and persuasiveness. Framing is one element in a broader battle over problem definition, although the *process* of defining problems is different from framing. Framing and problem definition are similar in that both define the boundaries of a complicated situation by emphasizing some elements to the neglect of others, but framing has been mostly employed as a term to describe how to package a pre-existing set of ideas to win more adherents to ones position and the way a problem is framed has significant implications for the types of policy solutions that will seem desirable, possible or relevant. (Beland 2005, Cambell 1998.) Those participating in framing and defining problems might not be aware they are doing so (media for example) and the competing claimants understanding of the issue may change during the course of debate. Problem definitions define the scope of possible policy solutions, but there are still multiple possible choices for policy solutions and the battle over problem definition needs to be distinguished from the battle over policy solution these are analytically different, although interconnected processes. (Mehta 2011.)

Problems are neither objective nor fixed conditions. What is constructed as a problem has varied across different eras. To simplify complex historical conditions it is possible to argue that in the pre-industrial times problems were seen as *plagues* (famine, natural disasters) sent by natural forces and god that people just had to face. The problems in industrial societies were constructed as *questions* stemming from class conflict (the social question), aimed at social mobilisation and shaping the direction of “progress”. In societies organised around the welfare state attention was turned to structural and social *problems* (poverty, homelessness, disease, exclusion) that were identified and treated by professionals created for this purpose. At the end of the 20th century with increasing uncertainty and realisation that it might not be possible to eradicate social problems for good, the discourse shifted from rational top-down control to *risk* management. (Eräsaari 2000.)

The complexity of problem definitions means that even if say poverty is considered a social problem, the reasons for which it is considered a problem and the perceived reasons for poverty depend on the views held by the one doing the defining. The subjective nature of problem definition is illustrated in the comments by Kevin O’Leary. When the investor, writer and a television personality, was asked what he thought about the Oxfam study⁶ stating that the richest 85 people in the world have equal wealth to the poorest 3,5 billion people, half of the global population, he responded “*This is fantastic news and of course I applaud it*”⁷. Although the comment was most likely made in an attempt to get attention, it underlines the constructed nature of social problems. A stat that most would see as somewhat obscene represents the opposite to O’Leary. Through his lenses the stat should be celebrated since the people living in abject poverty will get motivated to try and accomplish what those 85 have accomplished. Problems are not objective conditions and even gross inequality may not be seen as a problem by someone who does not consider structure to matter, and sees human agency as the only relevant factor in determining how much wealth one is able to acquire.

Problem definitions define the potential possible policy choices, but within a given problem definition there are still multiple options for policies. (Mehta 2011, 33.) Regarding policy solutions the key question is why some ideas end up being implemented as policy and some do not? In his classic work *Power of Economic Ideas: Keynesianism across Nations* Peter A. Hall

⁶ <http://www.oxfam.org/sites/www.oxfam.org/files/bp-working-for-few-political-capture-economic-inequality-200114-summ-en.pdf> (Accessed 25.1.2014)

⁷ <http://www.businessinsider.com/kevin-oleary-inequality-fantastic-2014-1> (Accessed 25.1.2014)

(1989) distinguishes three conditions that need to be met if a policy idea is to be adopted: *policy viability*, *administrative viability* and *political viability*. Hall (1989) demonstrates that the substantive content of an idea, its estimated potential in solving a problem, is not enough for a policy to be adopted. As policy outcomes are not determined simply by rational actors operating based on self-interest, the best idea does not necessarily end up as the one implemented. Administrative feasibility and cost play a role as well as political considerations. Political viability can simply mean the policy idea with the strongest interest groups backing it. A good idea with a strong policy rationale might win over an idea with a strong interest group backing it, but this might require a powerful entrepreneur championing a convincing idea. A third scenario mixes these two: a new policy idea might create support and backing from strong interest groups, either in the form of new coalitions or by causing interest groups to see their interests from a different perspective. In chapter 5.6 I will take a look at how the idea of conditional cash transfers came to be implemented in a particular context.

“Among other things theory helps us to make connections between different social phenomena and policies, put specific issues and policies in a wider context and question the assumptions underlying social policies and political programmes” (Lister 2010, 3). This thesis takes focus on these assumptions and theories on two levels. *The first* being the level of agency and structure in the sense of interplay between individual human agency (in the sense of behaviour) and structural constraints and opportunities. *The second* being the level of welfare production, as some of the fundamental political battles regarding social policy are fought on the role of the state, market and individuals/households should play in the production of social protection, education, healthcare and other social services. By taking a look at how a specific problem is defined it is possible to unpack some of the assumptions and theoretical foundations of the studied policy solution.

3 The concepts and contexts of the study

The aim of this chapter is to introduce the essential concepts, through which conditional cash transfers are understood in this thesis, while also outlining the social policy context of Latin America. I begin by taking a look at two social policy approaches that are linked to the formulation of the idea of CCTs. First, chapter 3.1 discusses how during the past two decades social spending has gone from being seen as a cost and a hindrance to economic growth to being formulated as a productive element in it. This is done through the concept and theory of *social investment* that is based on using social spending in a way that increases the human capital of the beneficiaries thus improving their standing in the labour market and benefitting the society as a whole. The second perspective is linked to the reformulation of social spending, as it takes a look at the emergence of the concept of social protection to the development agenda. The concept of social protection is important to this thesis, because poverty reduction strategies in the development contexts are increasingly couched in terms of social protection and conditional cash transfers are generally conceived as social protection instruments. *“Economic growth, human capital development and social protection are increasingly seen as the three elements of national development strategies - a three pronged approach that increases national levels of welfare, raises economic productivity and strengthens social cohesion”*. (Barrientos & Hulme 2008, 3-4.)

The conceptual account is followed by a review of the historical development of social policy in Latin America in chapter 3.3 and by an overview of contemporary social protection instruments discussed in chapter 3.4. This is done to account for the social policy context in which conditional cash transfers were created and to outline the key differences from other comparable social protection instruments.

3.1 The social investment perspective

The notion that governments should use social spending as a means to enhance the human capital accumulation of their citizens has taken hold in European as well as in Latin American social policy approaches, penetrating policy formulation in both contexts. The online version of Oxford Dictionaries (Accessed 20.3.2014) define human capital as *the skills, knowledge, and experience possessed by an individual or population, viewed in terms of their value or cost to an organization or country*. Thus the basic rationale for investing in human capital accumulation

is that the beneficiaries and the society as a whole benefit, when people are more skilled, able to find better positions in labour markets, and thus manage to support themselves and escape poverty. The re-framing of social policy in development discourse is essentially a move from the idea of social policy as merely a cost for treating market failure or a luxury that could be afforded only after the economic growth had reached a certain level, to an idea of social policy as a productive element in economic policy and thus poverty reduction. (Andersson 2005.)

Researchers have widely considered that the idea of social spending as social investments (e.g. Morel, Palier & Palme 2009; Vandenbroucke, Hemerijck & Palier 2011; Jenson 2009; Jenson & Saint Martin 2006) has reached a similar status as the *prevailing idea* in social policy as *keynesianism* did from the post second World War years to the end of the 1970's, and later *neoliberalism* after *keynesianism*. The claim that one idea has prevailed during a certain era does not imply that all countries and all regimes (have) adopted identical social policy objectives and programs across regimes. Jenson and Saint Martin explain this by identifying *convergence in policy visions*, but *divergence in policy implementation* (2006, 433), meaning that certain underlying theories and assumptions are increasingly similar, but the policy solutions created based on these theories and assumptions differ from each other.

To understand the importance of the social investment perspective in today's social and development policy and also in welfare theory and practice, we need to contrast the present-day situation to past, particularly the to the critical historical moment that is considered to have brought the modern welfare state thinking to being. After 1945⁸, convergence occurred around a new paradigm, when the principles of Keynesian macroeconomics started to shape the policies of the most advanced industrial countries. While keynesianism⁹ was promoted by some international organisations and the paradigm contained a wide consensus on a number of general principles about the role of the state, state-society relations, forms of policy intervention, rights and responsibilities of citizenship, each country and regime did keynesianism in its own way. (Jenson and Saint-Martin 2006.) While the welfare state development in Europe was influenced by *Keynesian* economic principles, Latin America was

⁸ Keynes originally formulated his ideas after the economic crisis in the 1930's.

⁹ Although the era from approximately 1930's and fifty years onwards has widely been labeled Keynesian, there were a myriad of voices calling for integration of social and economic policies and claiming that social policy was needed in achieving economic growth. In 1932, Gunnar Myrdal argued that in contrast with the old poor relief system, social policies were investments instead of costs as they serve as preemptive measures against social problems in the social and economic sphere (Myrdal 1932, ref: in Andersson 2005, 7).

under the influence of *prebishianism*. Raúl Prebisch was the director of the Economic Commission for Latin America (ECLAC) whose structuralist economic theory¹⁰ about the dependency of “peripheral” developing countries to the developed countries of the “centre” led to increased state involvement in search for “inward development”. With Prebisch as the theoretical architect, ECLAC promoted a state led development strategy known as *LA Developmentalism (LAD)*, out of which emerged what has been referred to as the Latin American Developmental Welfare State (LADWS) (Draibe & Riesco 2007; Pollock 2006).

Social policy was a key component of the LADWS project from the beginning and was seen as an integral part of economic policy. The LADWS were consolidated during the 1960s, resulting in widespread social policy thinking, which placed equal emphasis on economic development and social protection. The developmentalist project regarded the pursuit of universal welfare as good economic policy. (Draibe & Riesco 2007, 53.) The post-war social policy systems in Europe and in Latin America were based on Keynesian and Prebischian principles and “*Grounded in the shared objective of providing a measure of social security via health, pensions, unemployment insurance and other programmes to the worker and his¹¹ family*” (Jenson 2009, 5). According to Draibe (2007, 241) the Latin American model of developmentalist state “*was born out of the same process that generated keynesianism and the welfare states*”.

A political and economic theory of neoliberalism emerged in the 1970s and early 1980s, challenging and destabilizing the post 1945 social and economic policy model in Latin America as well as in the OECD countries. In Latin America the Washington Consensus reshaped economies and political institutions mainly through structural adjustment policies and in the OECD there was a move away from the Keynesian and Prebischian economic perspectives (Jenson 2009; Draibe & Riesco 2007). The neoliberal theory sees that unleashing ones entrepreneurship and skills in an institutional framework defined by strong private ownership, free markets and free trade best advances the welfare of individuals. The role of the state is to create and protect this institutional framework, guaranteeing monetary stability and security through the institutions of military and police force. (Harvey 2005.)

¹⁰ Known as the Singer-Prebisch thesis, due to the fact that Prebisch and a German economist Hans Singer arrived at related conclusions more or less at the same time (Toye & Toye 2003).

¹¹ Around the consolidation of the welfare states the male-breadwinner model was dominant.

During the neoliberal era, mainstream economists criticized public social transfers financed through contributions, general taxes or public debt for their rising costs and unsustainable fiscal burden, financial instability and inefficiency, largely due to adverse incentives on labour supply, savings and investments (UNRISD 2010, 141). In the words of Mkandawire (2005, 4) demographic shifts and widespread unemployment led to the realization that there might be fiscal limits to universal provision. In this context social policy as a productive factor in economy was questioned and public spending was increasingly conceived as a key element in the economic crises. As the notion of productivity began to unfold, social policy was seen increasingly as a cost. (Andersson 2005.)

3.1.1 The re-emergence of productive social policy

In the European context the idea of social spending as investments emerged gradually in the 1990s in response to fundamental societal changes (Vandenbroucke, Hemerijck & Palier 2011, 3) and culminated in 1998, ten years before the Finnish Prime Minister Matti Vanhanen claimed to come up with the idea of a "third way" while on a skiing trip in Lapland, when Anthony Giddens famously articulated the principles of *his* Third Way in outlining a shift from the welfare state to the *social investment* state (Giddens 1998). This metaphorical shift reflected an emerging consensus on change in social policy thinking that recalibrated social policy from a hindrance to economic development to a productive element in it. In addition to the "social investment state", the reframing of social policy's role in economic development has been captured in various metaphors and concepts emphasizing the redefined idea of social policy and the welfare state, such as the "enabling state" (Gilbert 1999), "productivist welfare state" (Rudra 2007) and the "developmental welfare state" (Hemerjick 2007).

Giddens wasn't the first to refer to public spending as investments¹² though. Perhaps the watershed moment in the formulation of the social investment perspective came from inside the OECD. OECD had held a firm position on welfare as a burden to economic growth in the 1980's, but in the early 1990's this stance began to take a different form. In the 1992 ministerial conference OECD produced five new orientations for social policy, with the first being: "*Non-inflationary growth of output and jobs, and political and social stability are enhanced by the role of social expenditures as investments in society*" (quoted in Deacon 1997, 71).

¹² See for example Commission for Social Justice (1994), OECD (1997), referenced in Lister (2010).

The traditional welfare states developed as a response to the *old social risks* in the era of the "traditional" industrial model and centred around the challenges of unemployment, illness, disability and old age, typically the male breadwinner as a norm of social protection. The fundamental societal changes that have led to the emergence of the social investment approach has been linked to the *new social risks*, such as lack of skills, of the post-industrial labour markets with a decline of well-paid and traditionally male industrial jobs, increase in low-paid and often precarious service jobs and increasingly flexible labour markets requiring increasingly flexible skills. (Taylor-Gooby 2004; Jenson & Saint-Martin 2006; Esping-Andersen 1999.) According to Vandenbroucke, Hemerijck and Palier (2011, 3) the central underlying objective of social investment perspective is the attempt to reconcile social and economic goals. The social investment perspective was developed with the dual ambition of 1) modernizing the welfare state, so that it would better address the new social risks and needs structure of contemporary societies, and, 2) ensuring the financial and political sustainability of the welfare state, while upholding a knowledge-based economy.

To Giddens this meant moving from the traditional welfare state that was concerned with passive and reactive welfare to the social investment state that is associated with active and proactive welfare (Andersson 2005, 12). The aforementioned divide holds an idea of good and bad social spending. In the language of New Labour, this meant that good spending is spending on investments such as education, health and rehabilitation while bad spending was paying unemployment benefits for people who *should* be at work (Tony Blair, quoted in Powell 1999, 21, ref: Andersson 2005, 12). It could be summarized that the social investment perspective recognises a legitimate role for state action, but only of a certain kind (Jenson 2009).

The idea of social spending as social investments is crystallized in the three notions Jenson and Saint-Martin 2006 use to depict the currently prevailing idea¹³ in social policy. *First* is the notion of learning as the pillar of the economies and societies of the future. This principle leads to significant policy attention to human capital, beginning with pre-school children. *Second* is an orientation to assuring the future more than to ameliorating conditions in the here and now; this leads to promotion of social spending designed to break the intergenerational cycle of poverty and a focus on children. *Finally*, there is the idea that successful individuals enrich our common future and investing in their success is beneficial

¹³ They refer to this prevailing idea as the LEGO-paradigm.

for the community as a whole, now and into the future, a vision, which easily leads to child-centred policy interventions (Jenson & Saint-Martin 2006; Jenson 2009).

3.1.2 Rediscovering social policy in in the international development discourse

The change in welfare thinking extends beyond the borders of the “modern welfare states”. Faced with the challenges of growing global inequality and the expectations of the Millennium Development Goals, the role of social policy has been rediscovered and reappraised in the international development discourse as well (Gough & Wood 2004, 1).

International financial institutions have played an important role in the reformulating the new approach to poverty reduction. Since the early 1990’s the international financial institutions, specifically The World Bank (WB) and The International Monetary Fund (IMF), have increased their importance in setting the agenda for debates and formulation of development policy. These institutions play a major role in development funding. They offer loans that are conditioned on adopting their economic policies. They act as significant advisors to developing countries in nearly all policy fields. They conduct vast amounts of research, thus playing a central role in defining the content of the development discourse. (Von Bonsdorff 2011, 4.)

During the neoliberal era the development discourse and the social policy interventions in developing countries focused largely on *targeted* social assistance for the poor and vulnerable, alleviating the adverse impacts of economic shocks and crises or catastrophic events (UNRISD 2010, 137). The shift from seeing social policy as a productive element in *development* to having a residual role in *poverty alleviation* impacted how social policy was perceived in a development context. The preference for targeting reflects the residual role assigned for social policy, seen as an instrument for treating market failure (Mkandawire 2005, 7).

These types of interventions were labelled social safety nets¹⁴ and were introduced by the international donor organisations to *plug the holes and alleviate the worst effects of structural adjustment* (Jenson 2009, 17). In the World Development Report (World Bank 1990, cited in Devereux & Sabates-Wheeler 2004) social safety nets were considered an elemental instrument in fighting poverty, and were conceptualised as minimalist social assistance in

¹⁴ Social safety nets are sometimes used without the prefix *social* (read: *safety nets*)

countries too poor and administratively weak to introduce comprehensive welfare programs. Targeted social assistance was considered a cost-effective way to fight poverty by allocating scarce resources¹⁵ to the “deserving poor” (Mkandawire, 2005). While the 1990s progressed the thinking on vulnerability, livelihoods, risk and the multi-dimensional nature of poverty became more nuanced, resulting in increased criticism of the social safety nets approach, demoting them as residual and paternalistic, with often strict workfare¹⁶ requirements. (Devereux & Sabates-Wheeler 2004.) On the other hand the safety net approach was a result of UNICEF bringing out the negative social consequences of the structural adjustment policies by promoting “adjustment with a human face” and succeeding in recalibrating the neoliberal position. Jenson elaborates:

“While many critics made the – correct – point that this “social safety net approach,” treated social policy only as a response to market failure, nonetheless it was a major contribution to the idea that structural adjustment policies had to be tempered by concern for their consequences for the “most vulnerable” (2009, 16-17).

The productionist element of social policy started to return gradually among international organizations in the early and mid-1990s around a set of objectives for international development. The goals that eventually became the Millennium Development Goals were expressed in agreements and resolutions of international conferences organised by the United Nations in the first half of the 1990s, with the most significant being the 1995 UN Social Summit in Copenhagen where the participant countries committed themselves to creating an economical, political, social, cultural and legal environment that will enable people to achieve social development; to eradicating poverty in the world and attaining the goals of universal and equitable access to quality education and healthcare, with the overarching purpose to eradicate poverty, promote full and productive employment and foster social integration¹⁷. These actions, although not promoting a comprehensive overhaul of social policy systems in the south, did revive the role of social policy and state action to achieve the development goals. (Deacon 1997, 87-88.)

¹⁵ *“Fiscal constraint of the late 1970s led to the perception that there was a need for budgetary restraint ... It was argued that global competition called for changes in tax policies and the need to reduce “social wages” represented by social transfers” (Mkandawire 2005,2).*

¹⁶ The concept workfare is explained in chapter 3.4.

¹⁷ See the full list of the 10 commitments in Deacon (1997, 87-88).

Reviving the role of social policy and state action, coupled with a mission to eradicate poverty the concept of social protection started to appear on the development agenda of policy makers, academics and international organizations. The role of social protection was further highlighted in the United Nations Millennium Development Goals that have committed the UN and other international organizations to halve the amount of people living in extreme poverty come 2015.¹⁸ Interest in social protection among policy makers developed in the aftermath of the structural adjustment policies of the 1980s and 1990s, and especially their failure to promote growth and reduce poverty. (Barrientos & Hulme 2008.) According to the United Nations Research Institute, Combating Poverty and Inequality (2010, 137), social protection emerged from a context of structural adjustment policies, globalisation¹⁹ and the Asian economic crisis of 1997-98, which exposed the limits of residual safety net responses.

The World Bank played a significant role in pushing social protection to the development agenda. An important “rare moment” took place in 1995, when James D. Wolfensohn became the president of the World Bank (Voipio 2009, 342). Later, in a foreword to a book by the creator of PROGRESA-Oportunidades Santiago Levy, Wolfensohn stated “*When I became president of the World Bank in 1995, I was determined to put the goal of goal poverty reduction at the front and center of the mission of the institution*” (Wolfensohn 2006, vii). With the WB chief-economist Joseph Stiglitz, Wolfensohn changed the course of the World Bank regarding development and poverty reduction (Voipio 2009, 342).

Holzmann, Sherburne-Benz and Tesliuc (2003) from The Social Protection Department of the World Bank outline the main triggers for the emergence of social protection to the World Banks agenda. *At the policy level*, the experience of the East Asian financial crisis and the resulting realization that progress made on poverty reduction may be lost quickly under declining output and rising unemployment if appropriate social policy measures are not in place. The second policy level triggering the rethinking was the need to address the effects of globalisation. *At a conceptual level*, better understanding of poverty dynamics, especially its transmission from one generation to another, due to better data, and a review of the poverty policy approaches pushed the intellectual agenda. (ibid. 3-4.)

Conceptually Amartya Sen’s (1985) capabilities approach was elemental in rearticulating poverty as a multidimensional phenomenon, not strictly understood in terms of income

¹⁸ <http://www.un.org/millenniumgoals/poverty.shtml> (Accessed 3.12.2013)

¹⁹ The report uses the term *global integration*.

poverty. Taking a cue from Drèze and Sen (1989) who emphasize protection as well as promotion in poverty reduction strategies, social protection programs are increasingly considered to include developmental aspects as well as pure poverty reduction. *“Social protection programmes are evolving to include elements of promotion as well as protection ... with the aim of tackling not only sharp declines in income, but also persistently low incomes and their structural causes”* (UNRISD 2010, 135). Poverty was increasingly understood as a condition beyond purely lack of income and a “transitional phenomenon”, as initially supposed by the World Bank and others, but was acknowledged to be a structural effect of the New Economic Model (read neoliberalism), requiring closer attention to social assistance, primarily in the form of antipoverty measures and state programmes (Molyneux 2007, 8).

The change is best explained in metaphorical terms. Metaphorically a social safety net constructs an idea of a trapeze artist performing for the audience and jumping from one place to another with a net placed conveniently just above the surface to prevent the artist from hitting the ground in case he/she happens to lose grip of the trapeze or the trapeze fails to function. The critics of the, often short-term, safety nets were arguing for more comprehensive measures to both disrupt the fall and enable the artist to climb back on the trapeze. Although social safety nets were conceived as residual and insufficient forms of social assistance, their introduction nevertheless paved way for the realization that the trapeze artist will hit the ground hard without any kind of measures to disrupt the fall.

3.2 Social protection as a policy approach

The formulation of the social investment perspective as well as the emergence of social protection to the development agenda re-legitimized state activity regarding poverty reduction, especially in terms of tackling persistently low incomes and their structural causes.

As has been mentioned, poverty reduction strategies in the development contexts are increasingly couched in terms of *economic growth, human capital development and social protection*. Conditional cash transfers represent a new hybrid social protection model designed to contribute to all three objectives through combining different social policy elements. The purpose of this chapter is to place social protection in wider social policy systems, outline the instruments used for social protection and link the phenomenon of CCTs to social protection.

Although social protection emerged on the development agenda only recently, the *instruments* used for social protection have a long history in social policy systems (UNRISD 2010, 137). Social protection is a slippery concept that is often used interchangeably with social security and even social policy and the concept has been defined in various ways. For the purposes of this study I draw the limits of social protection to *public*²⁰ interventions, meaning primarily state action. The following conceptualisations of social protection are not tied to developed or developing countries specifically, but represent an ideal type of social policy and social protection schemes. As the chapter matures, focus will be shifted to social protection in Latin America, thus articulating the context for the emergence of the phenomenon of conditional cash transfers. I will begin by introducing two definitions of social protection.

“Social protection refers to the public actions taken in response to levels of vulnerability, risk and deprivation which are deemed socially unacceptable within a given polity or society” (Conway, De Haan & Norton 2000, 8).

“Protecting people from the vagaries of the market and life’s changing circumstances is one of the main objectives of social policy. As a key component of social policy, social protection is concerned with preventing, managing and overcoming situations that adversely affect people’s wellbeing. It helps individuals maintain their living standard when confronted by contingencies such as illness, maternity, disability or old age; market risks, such as unemployment; as well as economic crises or natural disasters.” (UNRISD 2010, 135.)

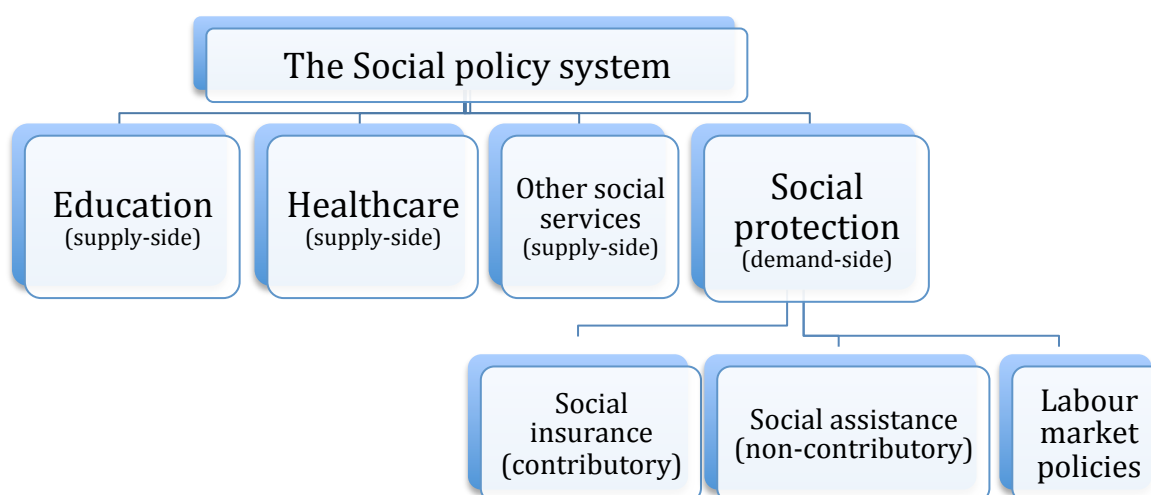
These definitions summarise social protection as one of the components of state-led²¹ social policy schemes, its purpose is to secure that people have the means to survive in situations where their livelihoods are under threat from expected or unexpected changes or are otherwise in a situation that is considered unacceptable in the given context. Various *instruments* could, and have been, used to pursue the above-described ends of social protection. I will proceed by describing the overall social policy scheme and social protections place in it, and continue to the instruments used for social protection.

²⁰ For example, Shepherd and Barrientos (2007) use social protection to describe all interventions from public, private, voluntary organisations and social networks, to support communities, households and individuals, in their efforts to prevent, manage, and overcome vulnerability.

²¹ In this thesis Social Protection refers to state-led measures, as some social protection instruments could be market based.

Social Protection makes up the overall social policy scheme of a given state along with the public provision of *healthcare, education and other social services*²². In economic terms healthcare, education and other social services are supply-side interventions by the state, while social protection measures are demand-side interventions. The supply-side interventions mean that the state supplies the society with a service, say public schools and public health clinics. The demand-side interventions mean that the state provides the members of the society with means that enhance aggregate demand. The demand-side interventions mostly take the form of direct monetary or in-kind transfers from the state to households. In reality there is overlapping between the components.

Figure 1. The overall social policy system.



Sources: adapted from Ferreira and Robalino (2010); UNRISD (2010) and Barrientos (2011).

Ferreira and Robalino (2010) distinguish two basic reasons why governments make transfers to households, those of *risk management* and *poverty reduction*. These are interrelated goals and different instruments contribute inevitably to both goals. As figure 1.1 shows, social protection measures are further divided to three different components: *social insurance, social assistance and labour market policies*. The social insurance component is concerned with managing different types of risks and is funded by contributory schemes, providing the contributing persons an insurance against unexpected (illness, disability) or expected (maternity, old age) changes in their ability to earn a livelihood. It is therefore an instrument

²² Some social services could be considered demand side interventions.

of consumption smoothing. The social assistance component on the other hand refers to non-contributory monetary or in-kind transfers to people not participating in formal labour markets or who are otherwise unable to earn a livelihood and who haven't contributed to a social insurance scheme²³. It is therefore an instrument of redistribution. (Ferreira & Robalino 2010, UNRISD 2010.)

Many scholars²⁴ consider some kind of mix of *labour market policies* to be one of the components of social protection. Although I have divided the components of social policy to *supply-side* and *demand-side* interventions, labour market policies, while generally supply-side interventions, share characteristics of both supply and demand-side interventions. Focus of this thesis is on the social assistance component, and labour market policies are not further dealt with in this thesis. Additionally, it should be noted that the terms contributory and non-contributory refer to payroll contributions to social insurance schemes. But as Barrientos and Lloyd-Sherlock point out, most beneficiaries do make some kinds of contributions to their economies and societies (2002, 4). In Latin America the recently emerged focus on social protection has taken the form of non-contributory social assistance programs.

Barrientos (2011) points out that in many European countries the social assistance component has a fairly residual role in social protection. Social insurance, labour market policies and other public services are supposed to provide a sufficient degree of protection, thus making social assistance policies unnecessary.²⁵ He continues by mentioning that social assistance has a primary role in countries where labour policies are restricted to formal employment and basic services are highly fragmented and stratified, as is the case in Latin America, where over half of the workforce is employed in the informal sector (Ferreira and Robalino 2010, 8). In the context of high labour informality, the social assistance component is emphasised (Gough & Wood et al. 2004). When people work informally, they do not contribute to unemployment and pension funds and therefore are excluded from social insurance schemes. Labour informality and the lack of a consolidated social assistance

²³ UNRISD (2010) refers to this group as dependants.

²⁴ For example: Barrientos & Hulme 2008, Gentilini 2005, UNRISD 2010, Holzmann and Jorgensen (2001)

²⁵ This holds true in theory at least. While Finland is considered one of the most comprehensive welfare states in Europe, in 2011 there were 239 212 households and 371 898 persons receiving municipal social assistance (Tanhua & Kiuru 2013).

component is an essential starting point in understanding the emergence of non-contributory social assistance programs in Latin America and in development contexts in general.

3.3 The wave of social assistance instruments

The extensiveness of informal economy is extremely important in understanding the emergence of conditional cash transfers and other non-contributory social protection programs. In order to reach people who work informally and do not contribute to social insurance funds, new social protection instruments needed to be created. In the conditions of widespread informality and persistent poverty, the need to create policy solutions for these particular problems emerged, and as the UNRISD (2010) quote above stated, social protection programmes are evolving to include elements of promotion as well as protection, with the aim of tackling not only sharp declines in income, but also persistently low incomes and their structural causes.

The emergence of social protection as a policy approach in the development agenda of governments and International Financial Institutions was manifested in a wave of notable social assistance programs being established in the least developed countries²⁶ and most notably in the BRICS²⁷ countries and other big economies of the Global South²⁸. The implementation of new policies was not exclusively a Latin American phenomenon. In South Africa a Child Support Grant was implemented in 2003, reaching 8 million children by 2010. China established a Minimum Living Standards Scheme in the late 1990's, which reached 22.4 million people by 2006. Indonesia's program Bantuan Tunai Langsung was introduced in 2005 and in a year grew to reach 19 million households. India established a workfare program National Rural Employment Guarantee Scheme when it expanded an existing program to cover the entire country in 2005, resulting in 48 million people receiving the benefit in 2008. (Barrientos & Hulme 2008; Hanlon et al. 2010; Barrientos, Niño-Zarazúa & Maitrot 2010.)

In Latin America the social protection instrument of choice has been conditional cash transfers. To further contextualize CCTs and locate them in the overall social policy system context, this chapter takes a look at other types of social assistance instruments. Ferreira and

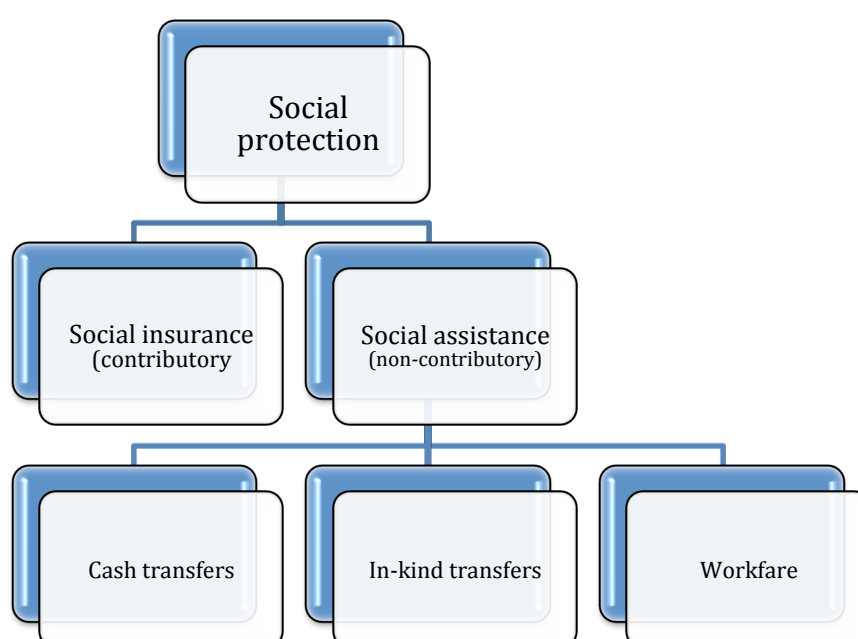
²⁶ Currently a list of the world's 48 least developed countries (LDC) designated by the UN based on per capita income, human assets and economic vulnerability (UNCTAD Accessed 19.5.2014).

²⁷ BRICS (Brazil, Russia India, China, South-Africa).

²⁸ Such as Mexico, Indonesia and Bangladesh.

Robalino have classified the social assistance instruments in contemporary Latin America, but the classification used here could be generalized to development contexts more widely. The following figures are based on the model they have outlined in their article *Social protection in Latin America – achievements and limitations (2010)*. The aim is to provide a general understanding of the contemporary social assistance instruments, so that the studied phenomenon can be better understood and contextualized. The original figures of Ferreira and Robalino have been modified to include the most relevant instruments²⁹ of social assistance that are cash transfers, in-kind transfers and workfare.

Figure 2. The overall social protection system.



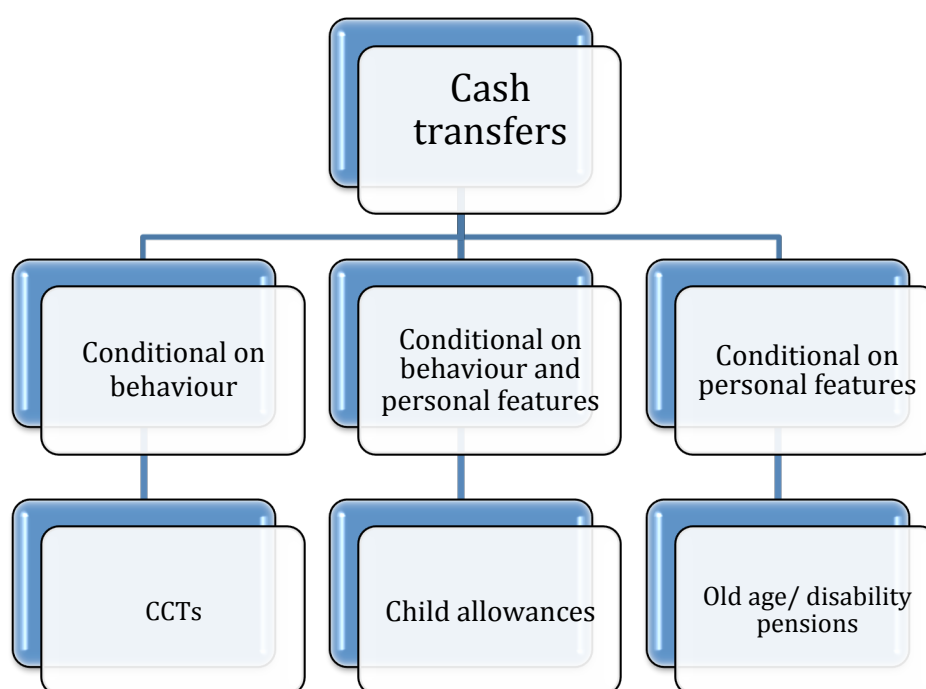
Source: adapted from Ferreira & Robalino 2011.

Cash transfers refer to direct monetary transfers, while in-kind transfers are transfers of pre-specified goods such as food stamps or various subsidies. In-kind transfers based on food programs were one of the main forms of social assistance in Latin America until the 1970s, and are still in use in many countries. These programs usually take the form of soup kitchens, distribution of food or nutritional supplements for mothers and babies, food for work programs, food stamps and categorical programs for a specific target group such as free meals for children attending public schools. (Ferreira & Robalino 2010, 14.) Workfare usually refers

²⁹ I have determined the relevance of the instruments based on the size, scope and incidence of the programs and their incidence as social protection instruments.

to public works –programs, where the state or a municipality offers a small income in the form of a social assistance benefit in exchange for labour from the poor. In essence these are minimal cash transfers that are conditioned on working³⁰. Workfare aims to provide a cushion against unemployment by offering, often short-term, monetary compensation for workers without formal social insurance measures against unemployment. Although workfare programs have a long history in developing countries, these programs became widespread in Latin America only in the 1990s (ibid. 16). In-kind transfers and workfare programs³¹ deal with relieving poverty in the present. They offer either food to eat, or a small monetary compensation in exchange for hard work so that people can overcome the short-term effects of an economic crisis or a natural disaster acutely affecting their livelihoods. The social safety nets, described in chapter 3.2, were mostly manifested in the form of workfare programs and in-kind transfers.

Figure 3. The variations of cash transfers.



Source: adapted from Ferreira & Robalino (2011).

³⁰ The most notable contemporary workfare program is arguably the National Rural Employment Guarantee Scheme (NREGS) of India.

³¹ Breadlines are an example of in-kind transfers in Finland, while building the Riihimäki-St. Petersburg railway during the hunger years would be the equivalent of a public works program in the context of Finnish social assistance measures.

The third component of non-contributory social assistance represents a different approach to poverty reduction and one that has been largely absent in Latin American social protection schemes. Non-contributory cash transfers have emerged during the past two decades to benefit the widespread informal workforce. The old age pensions do not have behavioural conditions, whereas child allowances and conditional cash transfers are usually conditioned on predetermined behaviour.

Ferreira and Robalino (2010) distinguish between two forms of conditional cash transfers, those that are conditional on certain kind of *behaviour* and those that are conditional on personal features, such as old age or disability, of the beneficiaries. Social pensions and disability pensions are examples of the latter. In most cases they are targeted to poor and indigent people and conditioned on people's place in a lifecycle or personal features (old age, disabled and unable to work). Since the 1990s, the so-called social pensions³² have become an established way to reduce household poverty in Latin America. In response to the high labour force informality rates, the LA countries have implemented non-contributory pensions (for those who have worked in the informal sector, who have not "worked" at all (for example housewives), who lack working years to qualify for the formal pensions or otherwise have not contributed to the formal pension schemes sufficiently. Some countries have opted for universal social pensions for everyone over a certain age (for example Bolivia), while most offer targeted pensions for those defined as poor of certain age combined with previous work history.

One instrument that does not fit to the classification based on behaviour or personal features is *child allowances*, which are conditioned on both behaviour and having children. In most cases³³ child allowances are means tested and conditioned on both behaviour and personal features in a sense that the benefit is targeted to households with children, therefore the household needs to have a member who is a child, and the parents and children are under the same conditions than in most CCTs. The child allowances are often considered CCTs, since the essential elements in their design are similar. With a few distinct examples, all cash transfers are targeted to poor and indigent and are therefore means-tested. (Ferreira & Robalino 2010.)

³² Although it might lead to theoretical perplexity, it should be noted that the non-contributory old age and disability pensions could be labelled *non-contributory social insurance* –programs as well, and are in many cases actually *semi-contributory*.

³³ The Bolivian program is universal to all public school students (Fiszbein & Schady 2009).

As will be further demonstrated in chapter 3.4, the social assistance component was largely absent from the overall social protection schemes in Latin America until the late 1990's. Departing from the highly residual short-term workfare programs and so called safety nets granting in-kind transfers such as food stamps, most countries in LA have established a program that has come to constitute the social assistance component along with non-contributory pensions and means-tested child allowances. The conditional cash transfer programs have combined a cash transfer interventions in human capital development, thus addressing poverty in a markedly different fashion than what had been the standard during the Keynesian/Prebischian and the neoliberal era.

Hailu and Veras Soares (2008) state that conditional cash transfer programs are considered innovative for three reasons. The first one is related to their targeting mechanisms, the second one to the fact that beneficiaries are receiving cash rather than in-kind transfers; and, the third and final reason is the conditionality of the transfers. CCTs use demand-side interventions to directly support the beneficiaries of the programs by transferring cash, which, according to Rawlins and Rubio is "*a marked departure from the traditional supply-side mechanisms such as general subsidies or investments in schools, health centers and other providers of social services*" (2003, 3). There are no requirements of previous history of formal employment and all those with an income below the poverty threshold are categorically eligible for the benefits, thus representing a move away from the workfare and in-kind transfers i.e. social safety nets. The policy model of conditional cash transfers will be addressed in chapter 4.

3.4 Historical take on social policy in Latin America

Latin America has demonstrated social protection measures as long as the European states, but in the contemporary context the social policy system in general and social protection deal with somewhat different challenges and therefore different instruments have been created to tackle different policy objectives. Conditional cash transfers were created in the particular socio-economic conditions of Mexico and Brazil, but the diffusion of the policy model to nearly³⁴ every Latin American country warrants an outlining of the Latin American social policy context. I will briefly outline the major developments in social policy and social

³⁴ The diffusion of CCTs is further discussed in chapter 4.1.3

protection measures in Latin America during the 20th century to further contextualise the emergence of conditional cash transfers.

The social protection component in Latin America has historically been characterized by the predominance of *social insurance* policies and by a weak or largely absent *social assistance* sector. The evolution of social protection in Latin America started in the 1920's in Chile, Uruguay, Brazil, Argentina and Cuba. This group of pioneer countries started to develop a Southern European-style system providing social insurance coupled with employment protection for the workers in the formal sector. Rest of the Latin American countries initiated their social protection systems in 1940's, 50's and 60's. (Mesa-Lago 1991, 2007.) During the consolidation of social protection systems in the 1950s and 1960s, the European welfare states and the *Latin American developmental welfare states* (LADWS) were grounded in the shared objective of providing a measure of social security through health, pensions, unemployment insurance and other programmes to the worker and his family (Jenson 2009).

The backbone of the Latin American developmentalist strategy was a trade and economic policy labelled Import Substitution Industrialisation (ISI), aimed at reducing the LA countries (periphery) dependency of the developed world (centre) by replacing foreign imports with domestic production. Approximately from the 1930s up to the 1980s late industrialising Latin American countries transformed their social and productive structures through state led industrialisation, incorporating the masses of peasants migrating to the cities to the dynamics and structures of urban market economies. (Draibe and Riesco 2007.)

Social policy was a key component of the LAWDS project from the beginning and social policy was seen as embedded in economic policy. Draibe and Riesco note: "*An inclusive strand of thinking in social policy, which placed equal emphasis on economic development and social protection, became widespread in LA, especially during the 1960's... During this period, universal welfare, mainly state provided, was regarded as good economic policy*". (2007, 53.) Creating social protection measures was also important for political economy reasons. Support from formal sector workers was essential in sustaining the development strategy so providing a minimum level of protection for the workers was key to the political settlement, which provided stability for the model. (Barrientos & Hinojosa-Valencia 2009, 8.) The industrialisation that started in the 1930s, and was formalized as a development theory in the 1950s after Prebisch became the director of ECLAC, had created a growing urban population of the peasants migrating to urban industrial centres. New jobs were created in the industrial

sector, while also destroying them in the traditional artisan industry. This led to growing levels of poverty within both urban and rural populations. (Thorp 1998; Blouet & Blouet 2002.) The focus on social insurance policies for formal sector workers and their families led to residual social assistance covering a limited amount of people outside the formal labour force. By the end of the 1970s the Southern Cone³⁵ countries covered more than 70 per cent of the workforce in their social insurance schemes, while the poorest remained uncovered. (Barrientos & Hinojosa-Valencia 2009, 8.)

By the 1980s Latin American countries had, in comparison with other developing regions, created longstanding and in some cases quite well developed formal social policy measures and programmes including three components of social protection:

1. Occupationally stratified social insurance funds providing pensions, health insurance, unemployment and family benefits, and in many cases housing loans.
2. A series of employment protection measures and family wage supplements provided by the employer.
3. An aspiration for universal provision of public education and healthcare.

Each of these three welfare measures had elements of public (state) and private (market) provision and therefore cannot be defined as purely either or. The social insurance funds were originally autonomous institutions but with a strong measure of state support and provision. Employer protection is and has been government mandated, but employer provided. The state also requires affiliation to social health insurance for the formal sector workers, but the employer can decide on the provider. One of the key features in Latin American social policy had been the intertwined roles and responsibilities of the state, employers and private providers in formal social policy institutions. (Barrientos 2004.)

However, during the 1960's and 1970's many Latin American countries had borrowed heavily to finance their industrialisation projects. The oil-boom of 1973-74 generated a lot of free-floating cash that was circulated through international banks, WB among others, and further moved as loans to growing economies in LA. In the late 1970's interest rates rose in Europe and USA creating a disfavourable exchange rate for LA countries and the accumulated debt

³⁵ Argentina, Uruguay and Chile. Although in some definitions southern Brazil and Paraguay are included as part of the Southern Cone.

became increasingly difficult to pay back. In 1982 Mexico announced that it can no longer service its debt payments causing financial markets to lose faith in LA countries and the economy spiralled resulting in what has been labelled “the lost decade”. By the late 1980’s, most Latin American countries were under structural adjustment programs. These programs required that to access loans governments should open their countries to free trade, reduce public expenditures and non-inflationary monetary policies, a combination that many have argued to have caused impoverishment and further indebtedness of many of the “adjusted” countries. (Deacon 1997, 61.)

The growing awareness of the social price of these policies led to several countries starting Social Investment Funds (SIF) with support from the World Bank (WB) and the Inter-American Development Bank (IDB). SIF’s were theorised as temporary *safety nets*, based on demand driven projects, targeted to the poor and relying heavily on external funding. Although the SIF’s evolved over time towards a greater emphasis on infrastructure development and creating access to social services, the results of SIF’s as safety nets were modest. (Stewart & Van Der Geest 1995, ref: De Britto 2004). By the early 1990s social insurance coverage had declined significantly in most Latin American countries due to the combination of a rise in informal employment and unemployment during the 1980s and the structural reforms (Mesa-Lago & Márquez 2007, 361-364).

The neoliberal reforms in Latin America were originally introduced by the Pinochet regime in the post coup d’etat Chile. Starting with the Chilean experiment with the Milton Friedman affiliated “Chicago boys”³⁶ in the mid 1970s, one Latin American country after another, abandoned the developmentalist strategies and initiated liberal reforms. During the last two decades of the century, neoliberally inspired policy was put in place everywhere in LA, both as a new development strategy and a new social policy paradigm. (Draibe and Riesco 2007, 56.) The abandoning of LA Developmentalism meant redefinition of the state (public) - market (private) relationship and social policies were no longer seen as a productive element in the economy. Neoliberalism sees that the welfare of individuals is best advanced by unleashing the entrepreneurship and skills of individuals in an institutional framework defined by strong private ownership, free markets and free trade. The role of the state is to create and protect this institutional framework. It should guarantee monetary stability and guarantee security through the institutions of military and police force. (Harvey 2005.) The ISI model did not fit

³⁶ A group of young economist men educated in Chicago under Milton Friedman.

well with liberalisation of trade, investment and finance and was replaced by export oriented growth models. Employment protection was weakened by labour market deregulation, social insurance began to be replaced by individual savings and market provision, and private financing and provision of health and education was encouraged. (Gough, Wood et al. 2004.)

The neoliberal policies resulted in fundamental changes in the social policy systems of Latin America. Although the concept *welfare state* is rarely used in the context of Latin America and countries outside the developed world in general, with notable exceptions of Draibe and Riesco (2007) and Mesa-Lago (1991, 2007), there have nevertheless been attempts to define the welfare regime/regimes in LA. Gough and Wood (2004) describe the Latin American welfare regime during the era of LADWS as mostly corporatist-informal, thus resembling Southern Europe with extensive labour market regulation and clientelist social insurance programmes for the core labour force. Barrientos (2004) has found that, the aspiration for public universal provision of education and healthcare reflected the social democratic model in its developmental and equity features. The social insurance funds, employment protection and family benefits for the formal sector workers reflected the conservative welfare regime and the residual welfare provision of the liberal regime is reflected in the absence of inclusive state welfare provision, i.e. the lack of an integrated and comprehensive social assistance component. He continues that the neoliberal policies amounted to a regime shift to a liberal-informal regime, reflecting the increasingly limited amount of people covered by social insurance policies and the high levels of labour informality i.e. people without any kind of social protection coverage.

For half the population in half of Latin American countries of the region in the 1990s the principal form of social protection was a safety net, created for emergency relief (food aid, primary health), family and kinship support, supplemented by the voluntary sector, comprising non-governmental organizations (NGOs), church-based relief and charitable organizations. (Molyneux 2007, 4.) However, since the beginning of the 1990s governments began to increase their social spending. Spending on education, health care and social protection rose from 8.5 per cent of GDP in 1990-91 to 11.4 per cent in 2006-07 (ECLAC 2009), although that still amounts to less than half of OECD average. A major challenge regarding welfare provision, poverty and inequality in Latin America remains the part of the population that is not covered by social protection. Informal employment constitutes a significant proportion of non-agricultural employment in Latin America, which means that a

significant proportion of the population is not contributing to a social insurance scheme. Of non-agricultural employment, informal labour in Latin America ranges from 39.8 per cent in Uruguay to 75.1 per cent in Bolivia. (ILO 2013.) Chapter 3.3 dealt with the social assistance programs that aim at tackling the poverty arising from the large levels of informality. The next chapter will explore the *idea* of conditional cash transfers, a social assistance instrument that has become the prevailing policy model in Latin America and increasingly in other development contexts.

4. Conditional cash transfers as a social policy idea

This chapter deals with the idea of conditional cash transfers through the framework established in chapter 2. The aim is to examine the theoretical principles and assumptions the programs are based on, with the aim of uncovering some of the factors that make conditional cash transfers so appealing. Thus to unpack some of the assumptions and theories the chapter deals with the *idea* of conditional cash transfers on the two levels basing on Mehta's theoretical distinction between idea as a *policy solution* and idea as a *problem definition*.

First, I describe and assess conditional cash transfer programs as *a policy solution*. Sub-chapters from 4.1 through 4.4 aim at accounting for the CCTs in terms of the programs that have been created, the objectives that these programs have and also by asking what are the essential design features that make CCTs unique. This is done by taking a look at how the idea was institutionalised in Latin America through the evolution of the Mexican and the Brazilian programs and how the model created in those countries was embraced in Latin America, followed by an overview of the basic design features and the concepts that have been used to approach and understand CCTs in earlier research. In chapter 4.5 I turn my attention to the analysis of the theories and assumptions within which conditional cash transfers have been formulated and implemented and explore some of the elements of the policy idea that has made it so widely appealing.

4.1 What are conditional cash transfers?

As was established in chapter 3.4, conditional cash transfers have been defined as means tested non-contributory social assistance programs that combine a monetary transfer with interventions in human capital development. CCTs are designed to serve the double function of alleviating poverty in the short-term and to breaking the intergenerational cycle of poverty in the long-term. The recipients of the cash transfer agree to some behavioural conditions binding their children to actions considered to result in increased capacity to overcome poverty. Today there are numerous conditional cash transfer programs in Latin America and increasingly in other parts of the world reflecting the local social, political and economic conditions, administrative capacity, perceived needs, priorities, and prior institutional structure. But although the size and technical details may vary significantly, the programs share three key features of *a monetary transfer* (generally favouring women as the recipients

of the transfer), *conditions* on education and health and a *targeting* mechanism (De Britto 2004; Fiszbein & Schady 2009; Hanlon et al. 2010; Bastagli 2009).

The idea of conditioning a cash transfer to the use of supply-side services in the form of schooling, healthcare and nutrition has become a prevailing solution to the problem of persistent poverty in Latin America and increasingly in development contexts in general. Beginning from the realization that poverty in development contexts is often a condition inherited from one's parents and transmitted across generations, the objective of CCTs is to break this cycle. As all social policies reflect certain theories about human behaviour, and the role of the state, market and individuals in providing social protection (O'Brien & Penna 1998), all implemented social policies also reflect certain political preferences. However, governments from left to right have been implementing conditional cash transfer programs in Latin American countries from Uruguay to Nicaragua, and the policy model keeps on spreading to other developing countries with different government ideologies, state capacity and domestic needs. It's apparent that the idea of conditional cash transfers has been able to transcend ideological frontiers (Franzoni & Voorend 2011, 281). My argument is that as hybrid social protection programs conditional cash transfers have the potential to appeal to a wide range of policymakers based on the underlying ideas that can be framed from different angles. As a policy idea conditional cash transfers merge different social policy traditions and different, sometimes contradictory, theoretical principles. CCTs can be seen as representing *rights based* social protection, *residual* and *cost-effective targeted* social protection and economically productive social protection based on *social investments*.

4.2 How the policy solution was institutionalised in Latin America

The basic design and policy rationale for what became the standard CCT-model was created in the particular contexts of Mexico and Brazil. Mexico was the first to launch a national program, but the first programs considered CCTs were established at a municipal level in Brazil. In 1996, before the launching of PROGRESA, the Mexican Government had sent a delegation to Brazil to visit several municipal "Bolsa Escola" programs (Lindert et al. 2006, 12), so, the cities of Campinas and Brasília could be considered the birthplaces of the conditional cash transfer model³⁷ that has spread over Latin America and been exported to

³⁷ Along with Mexico and Brazil, Bangladesh is considered as the third pioneer country of CCTs, although the basic CCT model that has spread in Latin America and exported to other

other developing contexts as well. But it was PROGRESA-Oportunidades and the Brazilian national CCTs Bolsa Escola Federal and later Bolsa Família that established the basic design and policy rationale that were later replicated in nearly all Latin American countries and exported to various countries outside of LA. Although there are certain differences in the design features of P-O and BF, they are both premised on the same principles, and the essential design is the same. (Sugyama 2011; Fiazbein & Schady 2009; De Britto 2004.)

Sugyama (2011, 255) notes that most supporters of conditional cash transfers in the international development community have treated the Brazilian and Mexican programs as largely comparable. Neither country has been given the honour of being the creator of CCTs. International development institutions have chosen to focus on the similarities between these programs and outcomes related to poverty alleviation and human capital development. Although there are nuances in the design of the programs that vary significantly, they are grounded on the same principles and are considered comparable in this thesis. The purpose of this chapter is to account for the origins of the CCT policy model and how it was embraced in Latin America.

4.2.1 PROGRESA – Oportunidades

Santiago Levy was an undersecretary in Mexico's finance ministry in 1995 when President Ernesto Zedillo (1996-2001) put him in charge of a team that would be entrusted to draft a plan to address extreme poverty in Mexico; and, that would lead to launching of PROGRESA in 1997. Around the time Mexico was recovering from a so-called *tequila crisis*, an economic crisis, which had led to growth in the levels of extreme poverty. One fifth of Mexicans lived in extreme poverty; of which 40 per cent were children. The available instruments to fight poverty were considered inefficient (food subsidies), the economic crisis limited the available resources for social spending and there was a great possibility that the number of people living in extreme poverty would increase due to the economic situation. (Levy & Rodríguez 2005, 1.) The extreme poverty was particularly strongly felt in rural Mexico where the infant mortality rate of the rural poor was 156 per cent higher than among the urban non-poor (Levy 2008).

development contexts is credited to Mexico and Brazil. In 1994, a conditional cash transfer program was launched in Bangladesh. It provides a stipend and a tuition subsidy, is categorically targeted to girls from poor districts who have completed primary school and conditioned on school attendance and staying unmarried until the end of secondary school. (Fiszbein & Schady 2009.)

Levy's team launched a pilot program that differed from traditional Mexican social assistance programs in that it delivered a direct monetary transfer instead of in-kind transfers, also requiring regular medical check ups from pregnant women, lactating mothers and infants. The pilot program identified the poor by using a database established for two programs that delivered milk and tortilla subsidies. It was decided that before the program could go national an educational component needed to be added. The program also needed better monitoring and inter-agency coordination and there were difficulties targeting the most vulnerable. At this point one of the members in Levy's team became interested in data on poverty and marginality produced and gathered by Jose Gómez de León at a federal agency responsible for Mexico's population policies. Gómez de León, a former advisory to President Zedillo, was invited to join the team and it was his and Levy's vision that ended up shaping PROGRESA to its final form. (Bate 2004.)

PROGRESA was designed to address the building of human capital through three key elements: education, health and nutrition. It would deliver the benefit in cash, expand the conditions and make women the recipients of the benefit. It would also deploy Gómez de León's ranking system that would become an index of marginality that was the basis for targeting and allocation of the benefit to those that it was intended to. (Bate 2004.) The program was also put under thorough nonpartisan evaluations to gather credible information and empirical proof of its effects. The evaluations were thought to improve transparency and extend the lifespan of the program. The International Food Policy Research Institute (IFPRI) was entrusted to coordinate the first round of evaluations in 1998 (Lomelí 2008, 477).

One objective was to create a transparent system for allocating the benefits. Political clientelism, in very basic terms, refers to the distribution of selective benefits to individuals or clearly defined groups in exchange for political support (Hopkin 2006, 2). In Mexico and in Latin America in general, social assistance programs have served as and are often conceived as vote-buying mechanisms for political parties and candidates and have been short lived, usually lasting no more than one administration and sometimes appeared as ad hoc programs just before elections. (Hopkin 2006; Brusco, Nazareno & Stokes 2004; Gough, Wood et al. 2004). Jonathan Fox (1994) argues that the Mexican state's hegemony has long been based on the successful clientelistic incorporation of the poor. The classic political bargain between the state and the society required official incorporation of social groups under state tutelage in exchange for access to social programs. This was the case with Pronasol, the predecessor of

PROGRESA. It was accused of being a clientelistic vote-buying vehicle for the Partido Revolucionario Institucional (PRI) that had governed Mexico since 1929.

To avoid the program being used for clientelistic purposes, the designer team aimed at establishing a transparent and non-political system for allocating the benefits. The running of the PROGRESA was turned over to a new decentralized agency, the enrolment of the beneficiaries was to stop several months before general elections and no payments would be made before elections. The distribution of the benefits would be in the hands of banks and a telegraph company, so the PROGRESA officials would not operate the cash. (He via de la Jabra 2009; Bate 2004.)

PROGRESA originally covered 0.3 million households, but expanded to reach 2.5 million by 2000. The program was continued by the administration of Zedillo's successor Vicente Fox (2001-2006) and renamed Oportunidades in 2002 while expanding it to reach 5 million households. Originally PROGRESA targeted poor rural municipalities with fewer than 2500 inhabitants, but with the expansion and name-change the program was first extended to cover small urban locations and finally all urban areas. (Fiszbein & Schady 2009; Soares, Ribas & Osório 2007.) In 2012 Oportunidades benefitted 6.5 million households of which 700,000 households were beneficiaries of the Food Support Program (Programa de Apoyo Alimentario - PAL), which was integrated to Oportunidades in 2010 and operates in marginalized areas with no access to education or health services (Oportunidades. A Human Development Program, Accessed 5.10.2013).

The target group of the program is the extremely poor and the selection of the beneficiaries is done in three stages. An index of marginality is used to select certain municipalities with varying levels of marginality. After the selection of the municipalities a means test³⁸ is conducted to discover the poverty levels of the households within the marginalised municipalities. Finally the communities with potential beneficiaries are asked for feedback to confirm eligibility. (Soares, Ribas & Osório 2007; Alvarez, Devoto & Winter 2007.) In other words, 1) a geographic area is identified to be poor, but since not everyone in the area is poor by default, so, 2) an externally set criteria is used to identify the poor in the selected area, and, finally, 3) the neighbours are asked whether those identified as poor are actually poor.

³⁸ Oportunidades uses a proxy means test, which will be further defined in chapter 4.3.1.

With its main focus on education, Oportunidades aims its actions at encouraging enrolment, continuance and regular school attendance of beneficiary children and adolescents by awarding educational grants and economic resources for school supplies. Educational promotion occurs through a monthly fee of 145-925 pesos³⁹ (8.2-56.5 euros) per child or adolescent depending on the education level and gender, with the amount increasing each year and girls receiving slightly more than boys starting from *secundaria*, normally entered at age 12⁴⁰. The grant is conditioned on school enrolment, school attendance and health check-ups. Additional educational support include a grant to purchase school supplies at the beginning of each cycle for elementary school students, and annually for middle and high school students. Oportunidades also grants a saving account with a 4044 peso (229 euro) deposit for the beneficiary students who finish their bachelor's⁴¹ degree before turning 22 years old, through one of it's components called Jóvenes con Oportunidades⁴². While the other educational grants are conditioned, Jóvenes con Oportunidades merely provides an economic incentive with a grant received upon graduation. (Oportunidades. Introduction, Accessed 5.10.2013; Oportunidades. A Human Development Program, Accessed 5.10.2013.)

In addition to the benefits linked to education, Oportunidades grants a child benefit for every child⁴³ from 0 to 9 years old to promote proper nutrition and development. There is also nutritional supplements for all infants between 6 and 23 months old, undernourished children between the ages of 24 to 59 months old and pregnant or breastfeeding women and an additional transfer to help protect households from the effects of hikes in global food prices. The program also grants a cash transfer for each member of a beneficiary household 70 years or older. Basic health care is promoted through communal educative workshops for teenagers. (Oportunidades. A Human Development Program, Accessed 5.10.2013.)

Today all beneficiaries receive their benefits through a bank account. The cash transfers are delivered via debit and pre-paid cards controlled by fingerprints linked to a savings account.

³⁹ December 2010.

⁴⁰ At the Oportunidades website (Oportunidades. Introduction, Accessed 5.10.2013) *secundaria* is translated as junior high, roughly corresponding with the Finnish term *yläaste*.

⁴¹ In México Educación media superior.

⁴² A wordplay with a double meaning: Youth with opportunities or youth with the program Oportunidades.

⁴³ Maximum 3 per household.

The direct cash transfers are paid every two months to female heads of households⁴⁴. The compliance to the program's conditions is verified by a state coordination agency, which provides forms to the state education and health agencies, which pass them on to the local service providers responsible for filling in the compliance information. Forms are returned to the state coordination agency, which compiles the information and passes it on to the national coordination agency in charge of generating the list of beneficiaries and amounts to be paid each period. The program is administered through the Secretariat for Social Development, national and state coordination agencies of the program and education and health service providers. (Fiszbein & Schady 2009.)

4.2.2 Bolsa Família

The concept of CCTs first emerged in policy debates in Brazil in the late 1980s and early 1990s. The early policy debates reflected widespread beliefs that the society is in “debt to the poor” and consisted of proposals to provide a minimum income and of the realization that poverty reduction strategies need to go beyond the symptoms (low current incomes) and address the underlying structural sources of poverty. (Lindert, Linder, Hobbs & De La Brière 2007, 10.) The political and academic atmosphere in Brazil was readied for CCT programs through two concrete events. The passing of the 1988 Constitution paved the way to a new social protection paradigm in Brazil, establishing the country's first targeted benefit in the form of the *Benefício de Prestação Continuada* (BPC), a minimum wage benefit for elderly or disabled people living in poverty. The next step came in December 1991 when the Senate approved a minimum income programme, authored by Senator Eduardo Suplicy. His proposal was basically a basic income grant to all Brazilians over 25 years of age with an income under a certain level. This in turn constituted a turning point in the social protection debate in Brazil, recognising poverty as a serious problem, one that should be addressed by the state. (Soares 2012, 2.)

The origins of the Brazilian CCT Bolsa Família differ from the Mexican experience in that the federal BF was the result of combining pre-existing CCTs to form a national program. The experimenting with CCTs began at the local government level and the Brazilian conditional cash transfer model lacks clear-cut creators, although the credit for coming up with the idea is

⁴⁴ In the absence of a female head of household the benefit is paid to a male head of household.

often given to Cristovam Buarque from the Partido dos Trabalhadores (PT). Cristovam Buarque had proposed the idea in the 1986 meetings held at the *Núcleo de Estudos do Brasil Contemporâneo* in the University of Brasília. In 1994 as a candidate for governor of the Federal District of Brazil (Brasília) he proposed introducing a minimum income for families in order for them to keep their children in schools. After winning the election he announced the start of the *Bolsa Escola* program during his first week as governor in January 1995. (Suplicy 2013.) Although Buarque is often considered the first to implement a Brazilian CCT, there has been vivid debate about the “paternity” of Brazilian CCTs in the Brazilian press with links to a series of articles by economist José Márcio Camargo and to a policy document produced by Buarque in 1994. (Lindert et al. 2007.)

The Brazilian experiment with CCTs started at the local government level in 1995 when three different programs were established independently in the cities of Campinas, Brasília and Ribeirão Preto. All three programs were targeted to households with children under the age of 15 and conditioned on school attendance. During the following years numerous CCT programs were launched in various Brazilian cities and in 1998 the federal government started supporting poor municipalities that implemented programs with educational conditions through a program *Bolsa Criança Cidadã*. (Soares 2012.)

The first program implemented by the federal government was *Programa de Erradicação do Trabalho Infantil* ⁴⁵ (Program to end Child Labour, *PETI*), which had been created in 1996 and was, as its name suggests, concentrated on the eradication of child labour. PETI was strictly targeted to school age children of families with an income below a predetermined level. It was ran by The Social Assistance Secretariat of the Federal Government, and required that the children do not work and attend school. In 2001, *Bolsa Criança Cidadã* was transformed to create *Bolsa Escola Federal*. It was ran by the Ministry of Education and like PETI, was conditioned on school attendance and targeted to children of families with an income below a predetermined level. The third program *Bolsa Alimentação* soon followed. It was conditioned on medical check-ups for pregnant women, breastfeeding for mothers and immunisation of young children. The program was targeted to families with under school-age children under six years old. The fourth programme *Cartão Alimentação* was created in 2003 and offered a

⁴⁵ PETI was semi-incorporated to Bolsa Família, incorporating the same information system (Cadastro Único) and the same amount as subsidy, but in localities where child labour is common, the Jornada Ampliada, one of the components of PETI, that provided support for schools to provide after school activities, was continued.

subsidy for families with an income below half of the minimum wage. The transfer lasted for six months, it didn't have conditions regarding school attendance or health check-ups, but the transfer had to be spent on food. Final piece of the future Bolsa Família structure was Auxílio Gás, an unconditional program created to subsidize the price of cooking fuel. (Soares Veras, Ribas & Osório 2007; Soares 2012.)

Bolsa família was created in 2003 to merge and organise these federal CCTs of various federal institutions with different objectives and target groups. Each program had its own financing, implementing agency, conditionalities and information systems, and the overlapping of the programs and the lack of information exchange resulted in drastic inclusion and exclusion errors. The creation of a single national database of information called *Cadastro Único* (A single registry) in 2001 made possible the merging of these programs and the creation of Bolsa Família. (Soares, Sergei et. al 2007.) By merging these four programs, BF already had established the objectives of eradication of child labour, improving school attendance rates, improving the health of mothers and small children and reducing poverty. The merging of the programs also led to Bolsa Família being conditioned on school attendance, immunisation and health check-ups. Although, after the merging of the existing programs, the managing of BF takes place at the federal level, many aspects of its implementation are carried out at the municipal level by Brazil's 5,564 municipalities (Lindert et al. 2007).

When BF was established in 2003 it benefitted 6,7 million households through the four programs that made up the new program. In the three years that followed, the coverage reached 11 million households; a target set in 2003. *Bolsa Família* has eligibility criteria, but not ordering criteria. This means that the criteria are public, households that fall under the set eligibility criteria are deemed eligible but end up not being beneficiaries. This is a result of the 11 million household quota, which means that new households may enter the program only when already enrolled households leave. (Soares 2012.)

BF provides a monthly cash transfer to poor households (poverty is defined as monthly income between 77 and 154 reales per capita), and extremely poor households (extreme poverty is defined as household per capita income up to 77 reales) (Bolsa Família, Decree n. 8.232, Accessed 17.5.2014). The benefits include a basic benefit for the extremely poor and variable benefits, a smaller amount for each child and pregnant woman, for the extremely poor and poor. The money is transferred through a debit card distributed to the beneficiaries monthly. As in Oportunidades, the money is distributed to the women. Bolsa Família also

includes various additional benefits and services implemented differently in each municipality. These include programs concentrating on adult literacy, labour market opportunities and microcredit. (Fiszbein & Schady 2009; Soares Veras et al., 2007.)

The recipients must comply with the following conditions regarding health: for children aged 0–6: vaccine schedules, regular health check-ups and growth monitoring. For pregnant and lactating women: prenatal check-ups, postnatal check-ups and participation in educational health and nutrition seminars offered by local health teams. The conditions on education include: school enrolment of all children aged 6–15 and youth aged 15–17, daily school attendance of at least 85 per cent each month and participation in parent-teacher meetings. The compliance is monitored at the municipal level, from where the information is passed on to the ministries, the bank and the Bolsa Família administration. Bolsa Família is administered by the Ministry of Social Development, in cooperation with the ministries of Health and Education, the Caixa Econômica Federal⁴⁶, the municipalities, state governments and control agencies. (Fiszbein & Schady, 2009; Soares Veras et al. 2007.)

In comparison with the Mexican program, Bolsa Família has been less evaluated and less referenced in research, although plenty has been written of the Brazilian experiments with CCTs as well. One of the significant differences between the two programs is the monitoring of the conditions, as BF does not control the conditions as rigorously as P-O. In Mexico, the compliance is verified and the cash transfer may be suspended if the household or one of its members does not comply with the requirements. In Brazil, if a household fails to fulfil the conditions, the program sends a social worker to check on the household and see whether something could be done to improve their situation in this regard. Fiszbein and Schady (2009, 6) note that BF puts more emphasis on redistribution, where P-O is more concerned with human capital formation. Due to these differences Bastagli (2009) concludes that the underlying motivation for PROGRESA – Oportunidades was human capital accumulation, whereas Bolsa Família is based on the idea of universalism, defined as a minimum level of income or consumption granted as a right by the state to all citizens and residents of a country (Esping-Andersen 1990).

⁴⁶ A government owned Brazilian bank.

4.2.3 How Latin America embraced the idea

Following the launching of PROGRESA, the basic model for CCTs began to spread rapidly with one country after another adopting the policy model, and by 2008 Venezuela and Cuba were the only Latin American⁴⁷ countries without a national CCT. The positive reviews of both PROGRESA and Bolsa Escola were particularly important in raising the legitimacy of the policy model and broadening its exposure (Sugyama 2011). The early evaluations, academic analysis and the studies conducted by the international financial institutions, and in the Mexican case IFPRI (see Lomelí 2008) produced broad evaluations with positive results. They generally considered that CCTs achieve their goals and especially the early literature provided by the World Bank praised the CCT programs as being nothing short of “a magic bullet in development” (see Adato and Hoddinott 2007). The literature claims that the programs work well, the conditions are justified and the programs are targeted properly (Rawlings & Rubio 2003, IEG 2011). The distribution of published reports on PROGRESA’s outcomes furthered the notion that Mexico had developed a model program (Sugyama 2011, 263).

The development policy community was especially excited about conditional cash transfers and promoted them widely⁴⁸ (Jenson, 2009, 460). This was particularly the case with Inter-American Development Bank (IDB) and the World Bank, and it has been claimed that WB had a role in formulating the idea of CCTs. Fenwick (2013, 147) notes that the Brazilian ex-President Fernando Henrique Cardoso has stated in a televised interview that the basic idea of combining short-term poverty alleviation with long-term human capital investment came from within the World Bank during the 1980s following the failure of a neoliberal discourse. Moreover, for example Santiago Levy, the creator of P-O, is a former World Bank economist. Although PROGRESA and Bolsa Escola were initially designed and financed without the involvement of the international financial institutions, their subsequent expansion was financed through loans from IFI’s. In 2001 the IDB approved the biggest loan in its history to

⁴⁷ Latin American countries are considered the Spanish or Portuguese speaking countries situated in South-, Central- or North America and the Caribbean. Outside of this definition, out of the countries in the region Guyana, Haiti, Belize and Suriname had not implemented a conditional cash transfer program, whereas Jamaica (left) and Trinidad and Tobago (centre-left) had. (Sugyama 2011, Fiszbein & Schady 2009.)

⁴⁸ The Mexican and Brazilian experiments with the policy model also received a considerable amount of publicity from internationally renowned news sources and high-level opinion-makers. United Nations Secretary General Kofi Annan and the former President Bill Clinton were among the advocates for CCTs. During the ‘Dakar World Education for All’ forum in 2000, Kofi Annan gave a speech suggesting that Bolsa Escola should be considered around the world (Missão Criança 2001, 7, as cited in Sugyama 2011, 263).

support the expansion of Mexico's PROGRESA to urban areas, a process that involved changing the name of the program to Oportunidades. A large part of the programs created after the initial success of these two programs used loans from IDB and WB. (Handa & Davis 2006) In addition to loans and research the IFI's played a significant role in organizing meetings and conferences⁴⁹ about CCTs that connected policy-makers from various countries. (Sugyama 2011, 262.)

Table 1. The implementation of national CCTs in Latin America.

Country/Year	Program	Presidents political position
Mexico/1997	PROGRESA-Oportunidades	Centre-right
Honduras/1998	Programa de Asignación Familiar	Centre
Colombia/2000	Familias en Acción	Centre-right
Costa Rica/2000	Supermonos	Centre-right
Nicaragua/2000	Red de Protección Social	Right
Brazil/2001	Bolsa Escola Federal/Bolsa Família	Centre
Chile/2002	Chile Solidario	Centre-left
Ecuador/2003	Bono de Desarrollo Humano	Centre-left
Argentina/2004	Programa Familias	Centre-left
Dominican Republic/2005	Solidaridad	Centre
El Salvador/2005	Red Solidaria	Right
Paraguay/2005	Red de Promoción y Protección Social	Right
Peru/2005	Juntos	Centre-right
Uruguay/2005	Plan de Asistencia Nacional a la Emergencia Social	Centre
Bolivia/2006	Bono Escolar – Juancito Pinto	Left
Panama/2006	Red Oportunidades	Centre-left
Guatemala/2008	Mi Familia PROGRESA	Right

Sources: Sugyama 2011; Fiszbein & Schady 2009.

The programs have been adopted regardless of the political orientation of the national governments. Sugyama (2011, 258) demonstrates that governments from left, centre-left, centre-right and right have implemented conditional cash transfer programs in Latin America. Mexico and Brazil shared similar human development indices when PROGRESA and Bolsa Escola were created, however, the subsequent wave of CCT implementation has taken place in distinctly more developed countries such as Costa Rica, Uruguay and Chile as well as in relatively underdeveloped countries such as Nicaragua and Bolivia. (ibid. 257-258.)

⁴⁹ These conferences have included Mexico (2002), Brazil (2004) and Turkey (2006). In 2007 Costa Rica hosted a "Latin American Meeting on conditional cash transfer programmes (CCTs) from a Human Rights-Based Approach".

Unable to account for the spread of CCTs through domestic factors, Sugyama (2011) as well as Franzoni and Voorend (2011) refer to new professional norms as the explaining variable in the spread of CCTs. The norms are created in an epistemic community gathered around shared understanding of problem definitions and possible solutions. They cite Haas (1989) who defines an epistemic community as a *“Specific community of experts sharing a belief in a common set of cause and effect relationships as well as common values to which policies governing these relationships will be applied”* Based on their analysis they show that only a small group of actors, top-ranking officials and policy experts, both domestic and those affiliated with IFI’s, have played a key role in policy formulation in Latin America. They continue:

“While there are many actors involved in policy-making, these usually operate under a much smaller number of agendas, which give way to epistemic communities, namely, to powerful agreements concerning the nature of the problem at hand as well as the desirable solutions to take care of these problems. The more successful epistemic communities are, the better they are at socializing actors into their professional norms and the more difficult it is to alter their policy prescriptions.” (Franzoni & Voorend 2011, 282).

Their take is that the epistemic community has been very successful and share the perception of Jenson (2009) and Sugiyama (2011) that domestic and international actors have converged around expert ideas on the *problems* and the desirable *solutions*, leading to a new set of professional norms around anti-poverty and developmental policy, that are further reinforced through funding agreements (ibid. 281).

Essentially this means that the *idea* of conditional cash transfers has become the norm in poverty reduction strategies in Latin America, which has been adopted in countries regardless of their ideological and socio-economical situations. Although the substantive content of an idea, its estimated potential in solving a problem, is not enough for a policy to be adopted (see chapter 2.2 on Hall 1993.), the idea of conditional cash transfer has demonstrated that it has the potential to appeal to a wide range of political actors and policymakers. In an attempt to uncover some of the factors that enable CCTs to appeal to a wide range of policymakers and governments, the following chapters 4.3 and 4.4 reviews some of the key features of conditional cash transfers and questions surrounding them, while chapter 4.5 deals with the policy idea summarizing the key findings and exploring some of the factors that make the idea so appealing.

4.3 The essential features of conditional cash transfers

As was demonstrated in the previous chapter, the conditional cash transfer model has spread to nearly each Latin American country. The combination of targeted social assistance, social investment, rights-based provision and conditions makes CCTs a hybrid idea in social policy that could be framed from various different angles and various different features could be emphasized in designing a conditional cash transfer program. The basic design that was established in Mexico and Brazil and became the policy model that was emulated across Latin America, is based on providing a direct monetary transfer instead of in-kind transfers and addressing the building of human capital through education and health⁵⁰. Female heads of households were made the recipients of the benefit that was paid via debit and pre-paid cards. The program design aimed at establishing a transparent and non-political system for allocating the benefits, so a monitoring system and evaluations were put in place.

This policy model is considered innovative for three reasons. The first one is related to their targeting mechanisms, the second one to the fact that beneficiaries are receiving cash rather than in-kind transfers; and, the third and final reason is the conditionality of the transfers. (Hailu and Veras Soares 2008.) As these elements in the program design are essential regarding the idea of conditional cash transfers, this chapter will deal with some of the questions surrounding targeting and the form of the benefit. In this thesis conditionality is considered to be the premise of conditional cash transfers, therefore chapter 4.3 deals with conditions exclusively.

4.3.1 The targeting

In designing a social assistance program the policymakers need to decide who are to be the recipients of the benefit. Essentially this comes down to deciding whether the benefit will be *universal* or *targeted* to a certain group of people. Universal social protection is defined as a minimum level of income or consumption granted as a right by the state to all citizens and residents of a country. It aims at guaranteeing a decent standard of living for all, making social services and a basic income accessible to the entire population. As a normative principle, universalism is concerned with the notion of social citizenship including social rights alongside civil and political liberties. (Esping-Andersen 1990.) The preference for targeting is

⁵⁰ Although some programs are focused solely on education or on the combination of education and health.

depicted as the counterpart for universalistic social policy, although welfare regimes generally consist of both universalistic and targeted policies. For the purposes of this study, universalism is linked to the era that has been depicted as the era of Keynesian welfare states (addressed in chapter 3.1), while the rise of neoliberal-inspired social policy saw a turn towards targeted social policies at the beginning of the 1980s in developed countries as well as in the Global South (Mkandawire 2005).

Molyneux (2007) sees that this turn led to the launching of “new social policy” in Latin America, based on the neoliberal prescriptions of privatization, decentralization and targeted measures. Regarding social protection this meant placing more emphasis on individual responsibility and creation of safety nets; referring to the highly residual short-term social assistance programs, often in the form of in-kind transfers, to a very limited amount of people. The arguments for targeting usually depart from the notion that it is an effective way for allocating scarce resources, whereas universalism is considered expensive (Mkandawire 2005). Regarding social assistance programs targeting refers to limiting the scope of beneficiaries through means tests, income tests, behavioural requirements and status characteristics for example (see Gilbert 2001).

If the program eligibility is made universal (on the grounds of equity and/or rights), making the service available to all people, there is a risk of inclusion errors, meaning that people who do not need the benefit could receive it, i.e. there will be “non-deserving” beneficiaries. On the other hand, if the eligibility is based on a pre-established criteria and a selection procedure, this increases the probability that “deserving” individuals are excluded, thus resulting in an exclusion error. Thus targeting essentially refers to *procedures designed to concentrate provision on those individuals who are deserving or needy* (Ahmad, Dréze, Hills & Sen 1991, 27).

Against this backdrop it should be noted that conditional cash transfers are considered innovative for their targeting *mechanisms*, referring to the method used to select the beneficiaries, not for the sake of being targeted. What is innovative about these mechanisms is the aim to avoid inclusion and exclusion errors by combining different ways to determine the eligibility of the potential beneficiaries and the fact that the targeting is carried out at the household level instead of targeting entire communities. Another aspect regarding targeting that separates the CCT’s from the preceding targeted social assistance programs is the amount of people included as beneficiaries. In comparison with the residual ad-hoc safety nets, the 11

million households included in Bolsa Família and 6.5 million in Oportunidades represent a clearly more inclusionary type of targeting than the earlier safety nets.

The process of targeting in CCTs is usually carried out through one or two complementary methods via criteria established by the programs themselves. This is usually done through a poverty threshold established for this particular purpose. Hanlon et al. (2010) identify five targeting methods for selecting the beneficiaries of a social assistance program that are: 1) *Categorical*: beneficiaries are selected based on their personal features (see chapter 3.3). A certain group, for example children, older people and adults with disabilities, is categorically included. 2) *Geographic*: entire poor communities are identified and all members/households of the community are categorically included as beneficiaries 3) *Household or individual means test*: the poor are identified by an external means test that uses wealth, income or non-material assets, such as education to determine the level of need for the household/individual. 4) *Community based targeting*: neighbours decide who are the most needy/ deserving to receive the benefit in their neighbourhood/community. 5) *Self-selection*: used in many workfare programs, where work is guaranteed for a certain period of time and those who are in need and wish/feel the need to participate may do so. In reality all programs include an element of self-selection, since even a universal benefit requires that the potential beneficiaries take up the benefit.

The most commonly used methods in CCT programs are geographic targeting and proxy means tests, usually used simultaneously (Fiszbein and Schady 2009). A proxy means test refers to a targeting mechanism that is used to determine the socioeconomic situation of a household based on criteria that takes into account not purely income, but also observations of household characteristics such as observable assets, the location and quality of its dwelling, its ownership of durable goods, demographic structure of the household, and the education and, possibly, the professions of adult members. Using a proxy means test requires less information than true means testing, and takes into consideration the possibility of fluctuating household income levels. (Alvarez, Devoto & Winter 2007.) For example, Oportunidades uses community-level geographic targeting to minimize the errors of excluding the poor who should be eligible for the program as well as household-level proxy-means tests to limit including the non-poor in the program. The targeting procedure begins by identifying marginalised communities using an index of marginality (see chapter 4.1.1), which is calculated based on the degree of access to basic goods and services at the community level.

The second step is to select households for participation based on data collected in a household census within the community. Observable household assets are used as indicators of relative wealth. A proxy means test is then calculated and households above a certain cut off point are considered eligible for the benefit (Alvarez et al. 2007.)

Even when there are multiple “filters” to determine the eligibility, sometimes non-poor are included and poor are excluded. While conducting research on Oportunidades, Alvarez et al. (2007) found two factors that may result in an inclusion error and two that may result in an exclusion error. *The first inclusion error* was related to the fact that the use of a wealth index is at best an approximation⁵¹ of income and may allow the inclusion of non-poor households. *The second inclusion error* they found was related to the improvement of the household’s situation. The program had been running for a number of years, so some of the households may have benefitted from the program in a way that they no longer could be considered poor. *The first exclusion error* was related to geographic targeting. When targeting the marginalised communities, the poor who happen to live in better off communities may have been missed, at least in the earlier years of the program. Alvarez et al. continue that new poor households may also form in communities after the beneficiaries have already been selected, meaning they have been left out. *The second exclusion error* had to do with the conditions of the program. Dropping out of the program may occur if the conditionalities place unreasonably high costs on the poor households, making them unable to receive the transfer, because they cannot meet the conditions, thus making the very households that the program tries to target ineligible. (ibid.)

The universalism – targeting dichotomy can be challenging in practice. Bastagli (2009) concludes that the underlying motivation Bolsa Família is based on the idea of universalism, defined as a minimum level of income or consumption granted as a right by the state to all citizens and residents of a country (Esping-Andersen 1990). However, Lindert et al. (2007) demonstrate that *Bolsa Família* is based on eligibility criteria and not ordering criteria, meaning that it is possible to be eligible for Bolsa Família, but not included in the program. Lindert et al. refer to Medeiros, Britto and Soares (2008), who describe *Bolsa Família* as a quasi-right, because of the eligibility criteria. In practice, new beneficiaries may not be

⁵¹ Although the World Bank refers to its objective nature as one of the strengths of proxy means testing (Worldbank. Proxy Means Testing, Accessed 3.3.2014).

included if old beneficiaries do not leave the system. As the program guarantees rights-based social assistance for all who meet the criteria, those who should be included based on their eligibility, but who are excluded based on the program being unable to absorb more beneficiaries until the old ones leave the program are prevented from exercising their citizenship rights. There have even been reports of families suing the government because they have been excluded, although they have been eligible, and winning. (ibid.)

The critical commentators of CCTs often base their arguments on targeting and conditions, claiming that the programs are only a continuation of the targeted residual safety nets (see Sojo 2007, Lomelí 2008). Narrowly targeted social policy interventions are seen as costly, difficult to administer, politically vulnerable and producing segmented, uncoordinated welfare systems (UNRISD 2010). Additionally, targeting has been seen as stigmatic for the beneficiaries (Hanlon et al. 2010, 148), while means testing has been demonstrated to generate a lack of trust, social divisions and feelings of envy and exclusion among those not selected (Molyneux 2007, 27).

4.3.2 The benefit

One of the elements that separate conditional cash transfers from the earlier safety nets is the fact that beneficiaries are receiving cash rather than in-kind transfers. As has been demonstrated in chapter 3.3, the move from in-kind transfers to direct cash transfers is essentially a move from food stamps, vouchers and general subsidies to money. It has been argued that cash transfers as opposed to in-kind transfers cash could be seen as stimulating demand in the economy while providing means for investment and start up capital. Poor people spend their money locally, cash provides “a form of insurance” to allow the households to save, invest and take more risks regarding their livelihoods, because they can depend on a steady monetary transfer. (Hanlon et al. 2010, 31-32.) Additionally, cash over in-kind transfers give households discretion over the use of the benefit and avoids the creation of secondary markets and price distortions⁵². This is more cost-effective and allows the policymakers to adjust the level of transfer over time. (Rawlins 2004, 7.)

⁵² Subsidizing a food item or providing it to the beneficiaries has the possible effect of altering market prices for that (and other) food items (Rawlins 2004), and the benefits do not necessarily go to those that need them, as was the case in Mexico prior to the creation of PROGRESA (Levy & Rodríguez 2005).

Allocating the benefit in cash instead of in-kind transfers is an important element in the program design in terms of investments in education as well. The usual coping strategy for economic shocks among poor households is the intensification of female and children's participation in the labour market. Both might end up leading to school drop-outs, either because the child starts working to gain an extra income for the household or because older children must be pulled out of school to look after younger siblings while the parents are working (IDB 2000; referenced in De Britto 2004, 8). If a household considers education to be of less importance than the child's potential earnings, a household may make a decision to pull a child from school. This is explained by the term opportunity cost. In a situation where a child could either work or go to school, the opportunity cost of going to school is the projected loss of earnings (Rawlins & Rubio 2003). Going to school may be expensive, as there are direct costs to education, in the form of school fees, uniforms and supplies as well as transportation costs, which the poor households might not be able to cover, as well as the opportunity cost for going to school instead of working.

To offset these costs, some programs have set the benefit to accommodate the direct as well as the opportunity cost of child schooling. In some countries the benefit is adjusted based on age and gender of the children/adolescents. In Mexico and Colombia the educational subsidies are notably higher from primary to secondary school, a stage where dropout rates increase (or continuation rates decrease) sharply. The opportunity cost of time, as well as direct costs, may be higher for these older children due to increased school supplies and possible increase in earnings. (Handa and Davis 2006; Rawlins & Rubio 2003.)

If the opportunity cost of schooling is compensated, the household does not lose the short-term benefit that a child's day's work would provide, and the projected human capital gains from going to school instead of working improves the household's economic situation in the long run. Thus the child who studies eventually enters the labour market in different conditions than her/his parents, and ends up breaking the intergenerational cycle of poverty. In these circumstances, if the sole reason for the children not going to school to gain human capital would be considered to be their poverty and the need to meet immediate needs, then no conditions would be needed to get them to attend class, simply compensating the opportunity cost would be sufficient. However, the cash transfer *is* conditional on children's school attendance. This raises a question about the rationale for the conditions. This question is further dealt with in the following chapter.

4.4 The conditions

As the name of the benefit system suggests, the essential element in the idea of conditional cash transfers is the fact that they are conditioned. Without conditions, the programs would be means tested social assistance programs – a targeted form of basic income. The conditions bridge the two objectives of alleviating poverty in the present and breaking the intergenerational cycle of poverty in the future. Simply put, governments are paying people to take their children to school and health check ups. Conditioning a cash transfer on human capital interventions raises interesting questions on the necessity of steering people to act in a way that the policymakers wish them to act.

All social assistance programs include conditions to an extent. All programs require at least some form of registration and registration requires registration documents. This condition alone can be problematic for potential applicants in developing countries. (Barrientos 2011, 16.) The conditional cash transfer programs take conditionality further. In CCTs the beneficiaries must conform to certain predetermined requirements, usually regarding their children's schooling, health and nutrition. Sometimes a component of information transmittance is added, usually in the form of passing information about proper nutrition and so on⁵³. The most essential conditions for the program performance are the ones related to children's schooling. At the individual level there is an interplay of characteristics that increase the possibilities of falling and remaining in poverty, with a number of studies having identified schooling as the strongest correlated variable (Behrman, Gaviria & Székely 2001; CEPAL 2002, fer: Handa & Davis 2006).

Conditional cash transfers are conditioned on certain kind of behaviour. Therefore the requirements should be viewed on the grounds of *what* kind of behaviour is required and from *whom*? Two types of conditions are relevant in the analysis of behavioural conditions in social assistance programs in a development context: 1) work requirements (workfare programs) and 2) human capital development conditions (Barrientos 2011). Conditions regarding adult participation in workfare programs in exchange for minimum social assistance are based on different kind of theoretical principles than conditioning an income

⁵³ An example of this type of sessions or activities can be found in the Mexican program Oportunidades and are called *Pláticas* (discussions), where information is passed on to groups of mothers.

transfer on children's school attendance. The work requirements treat market failure and alleviate poverty in the short-term. Work requirements imply that an individual is in debt to society and must compensate the received assistance, thus echoing worry about welfare dependency. Conditioning a monetary transfer on developing the human capital of the beneficiary household's children through school attendance proposes seemingly a much lighter set of conditions, but why is the cash transfer conditioned? If the opportunity cost of school attendance were covered, why wouldn't the poor take their children to school if it is in their best interest? Why not simply give money to the poor, as Hanlon et al. (2010) suggest? This chapter continues by outlining the rationale for conditions from four different angles, those of *paternalism*, *social efficiency*, *rights* and *political economy*. Finally, arguments against conditions are discussed.

4.4.1 Paternalism

The fact that a social assistance program is conditioned makes it paternalistic by default. Although paternalism usually evokes negative connotations all across the ideological spectrum for limiting the freedom of individuals, paternalism has been on the rise through increased influence of behavioural economics in social sciences (Standing 2011). The argument for paternalism starts from the assumption that human beings are not rational agents and might behave contrary to their own interests, thus it is justified to steer them to behave in a way that is beneficial to them and to the society as a whole. In a World Bank Policy Research Report (2009), Fiszbein and Schady conceptualise this argument as *the microfoundations of paternalism*. The information that people hold about the expected returns of investments in health and education may be imperfect and persistent and result in shortsightedness (myopia) regarding decisions between short-term and long-term gains. Therefore, even if the opportunity cost of going to school is covered, it is not guaranteed that a child attends class, because the parents may not value schooling, they might prefer to send boys to school but have girls do domestic work instead, or they might have some other reason to not consider education for their children to be important.

There may also be conflicts of interest within households, either between parents or parents and their children. These conflicts may result in "incomplete altruism" i.e. parental decisions that are not consistent with what the child would have chosen for him/herself. Fiszbein and Schady (2009) suggest that if the problem was only missing information on the positive returns from schooling, then providing the information about the importance of education

directly could solve the problem. They point to two different situations where this is not possible though. First, incorrect beliefs may be self-reinforcing. Second, people may not think they need information that's been passively provided for them. If people hold misguided beliefs and the policymakers think they know better what is good for them, paternalism is justified.

The behavioural conditionality is linked to behavioural economics and libertarian paternalism, which is based on a proposition that people will not make "the right choice" if not steered to do so (Standing 2011, 27). The basic principle of libertarian paternalism is that people often make decisions that are not in their or their children's best interest, so they should be steered to make better decisions through the creation of "an architecture of choice". The architecture of choice needs to be such that people are persuaded to make the choice the policymakers see as the "correct one". (ibid.) According to the advocates of "nudging" people to behave in ways that are beneficial to themselves and to the society, libertarian paternalism is an approach that preserves freedom of choice but that authorizes both private and public institutions to steer people in directions that will promote their welfare. This is grounded on the realisation, based on research by psychologists and economists, that empirical evidence doesn't support the claim that individuals make rational choices. (Thaler & Sunstein 2002.)

4.4.2 Social efficiency

Conditionality has been justified as means to guarantee that the investment on human capital produces the desired results. The starting point for this argument is that the society as a whole benefits from accumulated human capital and healthier population among other things, but people might not take the interests of the society into account while making decisions about children's schooling and healthcare. Fiszbein and Schady (2009, 64) refer to this justification as *the social efficiency argument*. It's based on the realization that investments in human capital generate positive externalities. If parents do not take these into account when making decisions regarding their children's education and healthcare, then *the aggregate (market equilibrium) level of human capital in society will be inefficiently low*. Healthy population has positive side effects, while increased education results in increased human capital and could have spillover effects in reduction of crime, violence and related social issues. In itself, the fact that investments in human capital produce externalities is not enough to justify conditions. The underlying assumption here is justified earlier in relation to

paternalism. The policymakers do not entirely trust the beneficiaries to generate these human capital externalities without steering them to do so through conditions.

One element in considering externalities that conditioning might generate is related to socialisation of the beneficiaries. This argument for conditioning a cash transfer could be conceptualised as a *cultural argument*. In his influential book *Beyond Entitlement*, Lawrence Mead (1986) highlights the potential that social protection programs have in setting norms for the public functioning of citizens. He argues that paternalism, i.e. imposing conditions, should be used as means to instil shared values into the beneficiaries. He suggests that more authoritative social policy could provide means for socialisation. Referring to the United States, his basic argument is that the lack of obligations and workfare requirements attached to welfare benefits in the U.S is a message undermining social integration and work ethic. Mead elaborates: “*Even more than income and opportunity, they [the beneficiaries] need to face the requirements, such as work, that true acceptance in American society requires. To create those obligations, they must be made less free in certain senses rather than more.*” (ibid. 4.) Mead’s argument is consistent with libertarian paternalism in a sense that negative freedom⁵⁴ is seen as the normative principle that should be fostered, but this freedom can be tempered with if it is perceived to be in the interest of the society at large⁵⁵. Thus, in order to internalize the values of a given society, the beneficiaries need to be steered to do so.

4.4.3 Rights

Analysing conditionality from the perspective of freedom evokes an interesting aspect regarding rights. If we look at the conditions purely from the perspective of the state imposing something on the beneficiaries of a CCT program, then we observe loss of freedom, paternalism and distrust in people. On the other hand, from a perspective emphasizing positive freedom, we may be able observe that the conditions imposed on the parents are in fact securing the citizenship rights of their children, their right to education, health and alimentation. The logic goes that limiting negative freedom in the present is justified if it leads to more positive freedom in the future via the obtained human capital enabling the beneficiary children more equal opportunities in a society.

This is an interesting perspective when analysing the conditions. The conditions imposed on the beneficiaries, are in fact a guarantee of their children’s’ right to education and health

⁵⁴ Used here in the sense defined by Isiah Berlin (1969).

⁵⁵ Which effectively makes libertarian paternalism an oxymoron.

services. This on the other hand means we assume that the parents might not act in a way that guarantees the children's rights. In the developing world, many inequalities are inherited from ones' parents. In Latin America, poverty, as well as educational levels and occupational status are transmitted intergenerationally and social mobility is highly limited, with schooling being the strongest indicator of ones' future socioeconomic standing (Behrman, Gaviria & Székely 2001). These are situations over which an individual has no control of, thus the conditions are imposed as a means to level the playing field in terms of guaranteeing, or outright forcing, the right to education and healthcare to those whose parents for some reason would not guarantee that right for them, thus guaranteeing that the children do not replicate their parents educational, occupational and socioeconomic status as an inherited condition.

4.4.4 Political economy

Public support for social protection programs is highly important for the politicians and policymakers. Non-contributory social assistance programs are funded from general tax revenue, meaning the taxpayers are paying the social assistance of the beneficiaries, thus further emphasizing the need for policy legitimacy. In addition to seeing the behavioural conditions from the perspectives of social efficiency and rights, conditionality has been deemed as the component that legitimises CCTs by turning the *undeserving* poor to *deserving* poor in the eyes of the general public. Bastagli (2009) considers that some voters may object to unconditional "handouts", but may be less averse to "rewards" to "deserving" poor people who are investing in the education or health of their children. In majority of the Latin American CCTs the rewarding of the deserving poor is done through a "contract" between the beneficiaries and the state/program. The notion that CCT programs constitute a new form of social contract between the state and the beneficiaries is apparent in the use of the term *co-responsibilities* instead of conditions (Fiszbein & Schady 2009, 60-61).

Fiszbein and Schady (2009, 50) suggest that decisions regarding policymaking involve a lot of different actors and processes, and conditioning a cash transfer on "good behaviour" may create the necessary amount of public support for the policy. They continue that conditional cash transfers may be seen as part of a social contract whereby society (through the state) supports those poor households that are ready to make the effort to "improve their lives", thus making them the deserving poor. The experience from Brazil supports the view of conditions as an important factor in creating public support. Lindert and Vincencini report

that human-capital conditionalities have played a political role in enhancing the legitimacy of the cash transfers in public debate.

"This legitimizing role seems to derive from diverse views about the role of conditionalities in the "social contract." Specifically, they are viewed as promoting long-run impacts, establishing incentives for investments in human capital, building credibility for transfer programs by reducing concerns about "assistencialismo" (welfare dependency, clientelism), and to a lesser extent, helping the poor take up their basic citizens' rights to social services. Without proper monitoring, however, that legitimacy can be called into question." (2010, 10.)

It has also been argued that besides giving the CCTs political legitimacy, conditioned cash transfers may be seen as *less* paternalistic than cash transfers without conditions (Fiszbein & Schady 2009). The beneficiaries may feel that by complying with the requirements aimed at building human capital of their children, they are contributing to the society, instead of merely receiving "hand-outs".

4.4.5 The arguments against conditions

The critics of conditions argue that poor people are perfectly capable of making rational choices regarding their own, and their families, lives. The arguments against paternalism are essentially the same as the arguments supporting paternalism. The difference seems to be that the advocates of conditionality see paternalism as justified, whereas the critics consider paternalism to be categorically unethical. Hanlon, Barrientos and Hulme argue for simply giving money to the poor, no strings attached:

"Conditions exist because of an implicit or explicit assumption that poor people do not act in the best interests of themselves and their children and must be pressured to do so" (2010, 137).

Guy Standing joins Hanlon et al. in criticizing the conditions. He claims that:

"Advocates of CCTs (henceforth, conditionalists) believe that it is necessary to persuade people to behave responsibly, particularly towards their children ... that, without being pushed, people would choose to behave irresponsibly. Behind the conditionality lies the simple premise that the policy makers know what is best for those targeted for cash transfers." (2011, 18.)

Whether conditions are considered ethically sustainable or not, there are other factors to consider when making decisions regarding the requirements of CCTs. One element of conditioning a cash transfer is that monitoring compliance with the conditions is relatively costly. For example, in Oportunidades monitoring conditionality represents about 18 per cent⁵⁶ of the total programme costs. Handa and Davis (2006) suggest that if conditionality is primarily viewed as a way of ensuring public support for the programs, then monitoring of compliance could be either eliminated or be done in the least-costly manner. However, experience from Brazil implies otherwise. Lindert and Vincencini (2010, 74) found that public debate about Bolsa Família emphasized not only the role of conditionalities in ensuring political support for the program, but also the need for credible monitoring of compliance to maintain that legitimacy. On the other hand, the conditions of Bolsa Família are not as uncompromisingly monitored as in PROGRESA-Oportunidades for example. The compliance with the conditions is monitored, but in a case of non-compliance the program sends a social worker to help the household meet its commitments before taking action in terms of reducing and finally discontinuing the payment, whereas in P-O non-compliance leads to a decreased benefit and eventually suspension of the benefit entirely. (Barrientos 2011.)

Conditions also increase the administrative burden of CCT programs on teachers, parents, health care workers and other possible service providers (Hanlon et al. 2010). The service providers play a key role regarding the objectives of the programs. Achieving the human-capital goals of CCT programs requires adaptation of the supply of services, and in some cases this means that governments will have to provide services where there have been none before. In others, the quality of these services needs to be re-examined. Some governments have responded by offering monetary incentives to providers of health and education services for good performance. (Fiszbein & Schady 2009, 24-25.) This aspect is increasingly important since the results show that school enrolment has increased, but this does not necessarily lead to better performance in the classroom. Although it is unclear whether this is because of a lack of competent teachers, inadequate cognitive skills of the children who have suffered extreme poverty or lack of orientation into studying. (Hanlon et al. 2010, 316.)

Fiszbein and Schady (2009) acknowledge that some economists might find conditions to have negative effects on the households. They suggest that economists could think that there may be two kinds of disadvantages in attaching conditions to cash transfers. *First*, some of the

⁵⁶ In 2006.

households in most need might find the conditions too costly, say that they live too far away from the health clinic or they cannot afford to lose the work provided by their children. *Second*, by pushing poor households to do something that they would not if not pushed could result in imposing costly distractions on people who are trying to do the best thing for their families. They might know how bad the local school is, so they find it better not to waste time there.

One element of conditionalities remains a question mark: are the conditions really needed to achieve the human capital gains that conditional cash transfers set out to achieve? Is the human capital of the children increasing? Unfortunately there are very few unconditional income transfer programmes, so a comparative perspective between conditional and unconditional programmes is not possible. The arguments promoting conditions and the arguments promoting unconditionality are more or less entirely based on theoretical and ideological preference and slight empirical hints. In the case of PROGRESA-Oportunidades, De Brauw and Hoddinott (2007) found⁵⁷ that conditions had no effect regarding enrolment in primary school. However, conditions had considerable impact in terms of entry into lower secondary school. Nevertheless, the sample size in the study was not large enough to draw far-reaching conclusions. The basic income experiments in Namibia and India have given promising results, but the scope of these experiments is not comparable to national CCTs. The South African Child Support Grant was an unconditional means tested income transfer to households with children up to 17 years of age with specific policy commitment not to attach any behavioural requirements, and the evaluations gave positive results on school attendance. Yet in 2010 the program introduced conditions on children's education. (Lund 2011.) By the time of this research no data from a possible behavioural change had been published from South Africa..

4.5 The idea of conditional cash transfers

This chapter has explored the origins and the essential features of conditional cash transfers. The aim has been to unpack some the underlying theories and assumptions behind the design features of the policy solution. CCT is a hybrid social policy idea that combines *rights based* social protection, *cost-effective targeted* social protection and economically productive social

⁵⁷ The study was conducted using a group of PROGRESA beneficiaries who accidentally did not receive the form needed to monitor their children's attendance at school as a peer group.

protection based on *social investments*. This combination has appealed to a wide range of political actors and policymakers across Latin America and is being exported to other developing regions. In explicit terms conditional cash transfers provide a solution to the problem of persistent poverty, understood as a problem that is transmitted intergenerationally from parents to their children. CCTs provide a cash transfer to reduce poverty in the present, and condition that transfer to behaviour that is thought to break the intergenerational cycle of poverty. It has been claimed that conditional cash transfers have become the prevailing idea on the anti-poverty and development agenda. The aim of this chapter is to summarize the key findings regarding the policy idea of conditional cash transfers and exploring some of the factors that make the idea so appealing.

4.5.1 The centre of gravity

How policies are perceived depends on the context in which we view them. The shift from *keynesianism* to *neoliberalism* tilted the ideological centre of gravity radically from left (understood here as keynesianism) to right (understood here as neoliberalism), thus changing the way social policy and social protection was viewed in developing and developed countries as well as in the international financial institutions. The centre of gravity, i.e. the point of departure for conditional cash transfers, was a situation where the non-contributory social assistance component was absent from national social protection strategies, as only residual, clientelistic and short-term "emergency" assistance existed. Therefore, in contextualizing conditional cash transfers as a policy, the point of departure should not be the Scandinavian welfare state or a universal basic income framework, but the present situation in which the policy is implemented. In other words:

"The counterfactual to a CCT is not an automatic, transparent, unconditional cash grant seen as a citizen's entitlement ... but instead a myriad of ad hoc and mostly in-kind transfers, intermediated through various service providers, nongovernmental organizations, and local governments" (Fiszbein & Schady 2009, 63).

Against this background, CCTs can be seen as a step *towards* a more universal and rights-based provision by filling a vacuum in the overall social policy scheme. With the social protection component relying on contributory social insurance and, until the recent developments, the social assistance instruments being highly residual and based on workfare and in-kind transfers, the CCTs add a missing component to the overall scheme. The developments during the past two decades (see chapter 3) have recalibrated the centre of

gravity to a direction where the state action in the social sphere is re-legitimized, but focused on productive "investments". The emphasis on accumulating human capital through state imposed conditions brings up an interesting angle to problem definition, i.e. the root causes of poverty.

4.5.2 The root causes of poverty

Human agency and structure are essential points of departure in examining a social policy idea. Intergenerational poverty has been identified as the explicit problem that needs to be solved and the means for solving the problem depend on how the problem is conceived. Theories of poverty usually approach poverty as a result of either individual or structural failings. Social policy used to focus on structure, which resulted in looking for the causes for social problems in economic institutions (such as the labour market), social institutions (such as the welfare state) and political institutions (such as the government). Through this type of analysis poverty would have been seen as resulting from inequalities in the social structure. Attributing cause for social problems or peoples' situations to people themselves was seen as "blaming the victim". (Deacon and Mann, 1999.) Through this kind of understanding poverty is seen as resulting from structural causes. Unjust society and a lack of economic opportunities are seen as the causes for poverty.

A revival of interest on human agency changed the focus from structure to individual behaviour and choices (Deacon and Mann 1999). This shift involved an increased focus on welfare dependency and the aim of changing people's behaviour instead of focusing on responding to poverty and inequality through changing the distribution of resources. (Deacon and Mann 1999, 423.) Placing more emphasis on individual responsibility, behaviour and choices is the basis of the "new social policy" in Latin America (Molyneux 2007). According to this line of reasoning unemployment, and therefore poverty, is caused by the individual's lack of skills to compete in the labour market, not from inequalities in the labour market itself. However, conditional cash transfers are consistent with the principles of the "new social policy", as well as those of the social investment perspective. This implies that state action in the sphere of social protection is legitimized and can be used to change individual behaviour for the good of the society as well as addressing some structural inequalities in the name of rights, such as children inheriting persistent and structural poverty from their parents.

On one hand, the interest in human agency and the aim to change the behaviour of the beneficiaries can be seen as reflecting distrust in people in managing their own situations, but

on the other hand the social contract based on co-responsibilities engages the beneficiaries in managing their own situations. This again uncovers an understanding, that if people are steered in the right direction (by conditions) their situations will change. Children will gain human capital and move out of poverty. According to this view people are not inherently lazy or low talented, and can be “taught” to behave properly. This echoes the early 20th century ethos of nation-building through “enlightenment of the people”, that in Finland manifested itself in many women’s organizations that aimed at educating the people, expecting the people to change according to the information provided (Sulkunen1986).

4.5.3 Rights perspective and the economic perspective

The intergenerational poverty can be considered a violation of basic citizenship rights, as the Universal Declaration of Human Rights does (UN General Assembly 1948). It states that everyone, as a member of society, has the right to social security⁵⁸, to social protection⁵⁹, and that everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age and other lack of livelihood in circumstances beyond her/his control⁶⁰. The choice of supporting people living in poverty financially to guarantee their basic rights is a choice reflecting the normative understanding that poverty is wrong because poverty results in people not being able to fulfil these basic necessities. Although CCTs are targeted, they generally provide a benefit to all below a certain income limit regardless of their current or past labour market participation or whether they have children or not. As Franzoni and Voorend note, the formation of human capital could appeal to supporters of universal social policy as it is seen as a necessary step to the provision of services as a matter of right (2011, 281).

Second, intergenerationally transmitted poverty could be seen as an economic issue. The fact that the state considers that it should guarantee basic rights to the citizens means that the poor need to be financially supported. The more there are people living in poverty, the more money needs to be spent. Therefore poverty needs to be reduced in order to relieve the financial burden on the state and to guarantee basic citizenship rights. Conditional cash

⁵⁸ Article 22.

⁵⁹ Article 23.

⁶⁰ Article 25.

transfers are designed to do just that, while cash transfers in general contribute to the economy directly in the form of increased immediate consumption and through the positive externalities of increased human capital in the future (Hanlon et al. 2010). In other words, lack of human capital is identified as the reason for the poverty that repeats itself from one generation to another. The focus on human capital accumulation links CCTs to the social investment perspective. In order to decrease the financial burden in the future by having less people dependent on the state and by having a more skilled workforce, the state invests money on the poor households, so that the children of those households would generate positive returns by not replicating the conditions of their parents. The income transfer to the poor becomes a social investment by conditioning the transfer to increasing the human capital of the beneficiary household's children.

As demonstrated in chapter 3.3, Rawlins and Rubio (2003, 3) state that conditional cash transfers represent a *marked departure from the traditional supply-side mechanisms*. While this is the case in terms of the direct cash transfer as opposed to social spending centred on schools and health services, CCTs nevertheless contain an important supply-side mechanism in terms of the labour market. By investing in the human capital of the beneficiary household's children, the state is implicitly increasing the labour supply in the future, as the assumption is that through education and better health, the children will be more skilled and will, for one, enter the formal labour market in the future and do so with an increased skill set.

4.5.4 The social contract

Perhaps the most innovative aspect of conditional cash transfers regarding the political legitimacy of the programs is that the programs have managed to frame the rather simple arrangement of receiving cash and keeping the children at school and taking them to a health clinic once in a while, to represent a new social contract between the state and the citizens.

From a more universalistic (and perhaps leftist) perspective CCTs could be seen as residual and paternalistic safety nets (see Lomelí 2008; Standing 2011) representing neoliberal prescriptions of privatization, decentralization and targeted measures. From a point of view emphasizing individual responsibility and limited state action regarding social protection (perhaps the neoliberal and right-wing perspective), CCTs may be seen as too generous and creating distorting labour incentives and welfare dependency. However, CCTs manage to appeal to both perspectives. Manifested in the use of the term *co-responsibilities*, the social contract places, at least in theory, equal rights and responsibilities on the beneficiaries as well

as the state, thus managing to emphasize the rights enough to be attractive to the advocates of more universal and inclusive social protection, and the responsibilities enough to be attractive to those that consider that social assistance should be limited to those considered the *deserving* poor. Through different lenses, different meanings can be attached to conditional cash transfer programs.

Although CCT implementation has taken place in countries from left to right, the socialist countries Venezuela and Cuba have not adopted them and the Bolivian program differs from the “basic” CCT model in that although it is conditioned on school attendance, it is categorically targeted to all children attending public schools up to grade six, which makes it practically universal. This might suggest that CCTs, although implemented by various centre-left governments, are too reliant on “market principles” (see Rawlins & Rubio 2003, 3) to be embraced by socialist countries. On the other hand, even though CCTs are consistent with market principles and the “new social policy” (Molyneux 2007), they have been established by a large number of progressive governments critical and eager to undermine neoliberal reforms (Franzoni and Voorend 2011, 292).

Lindert and Vincencini (2010,61) elaborate that in Brazil, the idea of conditional cash transfers has been embraced across the political spectrum; however, the *rhetoric* among politicians, academics and journalists in public debate emphasizes differing views of the role CCTs play in the *social contract* in society. From one perspective, it has been emphasized that society holds a historical debt to the poor and state led social assistance is needed to pay that debt. According to this view conditionalities help the poor take-up their basic universal rights to education and health, and in doing so, CCTs help break the inter-generational transmission of poverty in a structural manner. On the other hand, others have emphasized the responsibility of the beneficiaries themselves in overcoming poverty. From this perspective conditionalities are seen as “contracts” or “incentives” that go beyond simple “cash handouts” by requiring the poor to do their part to take steps to improve their lives by investing in their children’s education and health, and by doing so break the intergenerational transmission of poverty – or face penalties.

The fact that the cash transfer is conditioned may appeal to the right as making the poor responsible for their situation, whereas the left might see that the conditions protect the rights of the children and levels the playing field for them in the future. On the other hand the

right might see the targeting a cost-efficient way to reward the deserving poor, whereas the left might see the scope of the programs as representing inclusive non-contributory provision.

In other words, conditional cash transfers are hybrid social protection instruments consistent with “market principles” (Rawlins & Rubio 2003) and “new social policies” based on neoliberal prescriptions (Molyneux 2007), while simultaneously “symbolically embedded in a rights-based framework” (Fenwick 2013, 148) and promoting social investments in human capital. Depending on the context, each aspect could be emphasized in legitimizing a CCT politically, thus making them potentially appealing to a wide range of political actors.

5 Case Argentina

This thesis represents primarily a theoretical policy study tradition, where a case study is used to provide a concrete and more micro-perspective to the theme for research. The aim of this chapter is to explore how the studied idea is manifested in concrete terms. The mission is to go beyond the study of the idea of conditional cash transfers and examine how a particular conditional cash transfer program came to be implemented, while accounting for the policy solution in more detail.

The chapter begins with an overview of the case study research strategy and a description of how the case study was conducted. I continue by outlining the context in which the program Ciudadanía Porteña – Con Todo Derecho (CP) was created by providing an overview of Argentinian social policy and social protection, then continuing to the political background and context of Buenos Aires and finally to the launching of CP. The latter part of this chapter deal with Ciudadanía Porteña as a policy solution and takes a look at some of the factors that led to the implementation of a conditional cash transfer in Buenos Aires.

5.1 How was Ciudadanía Porteña studied as a case

Laine, Bamberg and Jokinen (2007) describe case study research as a research strategy. A case study is a particular way of doing research, not a methodology in itself. A case study could be defined as a research strategy, which can consist of various research methods and materials. As a research strategy, case study is defined by the objective to depict the studied phenomenon comprehensively. Based on existing literature Laine, Bamberg and Jokinen (2007) state that most case studies could be characterized by: 1) Their *holistic* nature, meaning comprehensive analysis of the subject 2) Having interest in social processes 3) The use of various methods and data sources 4) The use of earlier research 5) The ambiguity between the case and the context. Hartley crystallizes this in stating that:

“Case study research consists of detailed investigation, often with data collected over a period of time, of phenomena, within their context. The aim is to provide an analysis of the context and processes, which illuminate the theoretical issues being studied. In a case study the phenomenon is not isolated from its context but is of interest precisely because the aim is to understand how behaviour and/or processes are influenced by, and influence that context.” (2004, 324.)

In using case study as a research strategy, it is essential to be aware of the context and how the studied phenomenon fits in it. Eräsaari (2007, 149) suggests that understanding a phenomenon contextually means that it is pertinent to a certain context or a result of a certain chain of events and that this connection should be taken into account when analysing the phenomenon. The essential thing is that the description is not assumed to portray universal causalities, but to describe the phenomenon in its local context (Alasuutari 1999), and the basis for describing a phenomenon locally is to connect it to a wider framework.

Another way to look at the phenomenon and the context is to differentiate between the *case* and the *object* of study. Empirical research is always research about a case, but the *case* in case study differs from typical empirical research in that it usually refers to a specific organisation, community, a city, a state, a civilization, a household, course of events or even an individual. For example, when evaluating the impacts of a basic income grant initiative in India⁶¹, the research team conducted case studies at the village and household levels. To comprehensively analyse the effects that the basic income grant had in the municipalities in which it was implemented, the researchers conducted case studies where an entire village was *the case* and others where a household was *the case*, while the object of research in both cases were the effects of the basic income grant. (Dawala 2014.) It is essential to differentiate between the case and the object of the research. The object refers to the phenomenon that the *case* represents, while the case is a case of *something*. Laine et al. (2007) describe this difference using John Walton’s (1992, ref: Laine et al.) case study as an example. Walton’s *case* was a peasant rebellion in California at the beginning of the 20th century, while the *object* of his study was the changing relationship between the local authorities and the civil society. In other words, the case works as empirical evidence of a certain phenomenon (Peltola 2007).

⁶¹ A basic income-project organized by India’s Self Employed Women’s Association (SEWA).

A researcher conducting a case study often makes use of various methods, perspectives and sources of data. The strategy of collecting various forms of data in various ways has been described as *triangulation*. Laine et al. (2007) differentiate between data-, method-, theory- and researcher triangulation in case study research meaning that the studied phenomenon can be approached using a number of different types of data, different methods to analyse that data, varying theoretical frameworks and concepts and/or various researchers studying the phenomenon from different perspectives. The data and method triangulation are interconnected in a sense that the used methods determine the data collected and vice versa. Qualitative and quantitative methods naturally require different data and different approaches. As in all social science research, the researchers perception of the world and its phenomena directs the way a case study is carried out. Therefore the choices in data, methods and theory are essentially questions of philosophy of science (Häikiö & Voionmaa 2007, 45). Researchers are not just recording the reality objectively; what we know is shaped and moulded while we investigate (Cosgrove & Domosh 1993, ref: Häikiö & Voionmaa 2007). The theoretical framework chosen before or during the research shapes the knowledge sought through a case study, while the option of using a certain theoretical framework differs according to the phenomenon studied and the research questions used (Peuhkuri 2007, 147).

As is common in a case study research strategy, I collected my data in several different ways. I was interested in the way Ciudadania Porteña communicates its goals and outlines of the program, therefore the website of CP was chosen as one of the main sources of data. The second primary source of data consists of two interviews conducted with 1) the director of Ciudadania Porteña Pablo Pucciarelli and 2) the former co-director and the coordinator of the Information, Monitoring and Evaluation Unit of the Buenos Aires Ministry of Social Development, Irene Novacovsky. I also approached the program by e-mail asking whether I could do volunteer work for them in order to obtain a better understanding of how the program works, and was warmly welcomed to do so. I ended up spending two months not so much working, but observing and asking questions from the workers and the management at the CP main office in Buenos Aires. The participant observation accounts as one of the sources of data. Finally, as is common with case studies, earlier research⁶² is used to account for the studied phenomenon.

⁶² Although very little research exists on Ciudadania Porteña.

The actual fieldwork at the office of Ciudadania Porteña was conducted during a two-month period from the end of November 2012 to the end of January 2013. During this time I spent two to three days a week, from two to six hours per day, at the main office of CP. My time was spent observing the situations where people were applying for the program, beneficiaries were submitting information for the officials and the officials were interviewing beneficiaries about their current situations. During the fieldwork I had several unofficial conversations with the program officials, while keeping a research journal the whole time, thus general observations and informal discussions were included in the research data. Before starting my fieldwork I lived in Buenos Aires for three months, and during this time the material from the Ciudadania Porteña's website was collected (from here on referenced as CP Website⁶³, the topic and the date accessed). A large part of the data consists of this material from the program website. Although the law that CP is based on is retrieved from the website, it will be referenced as LEY N° 1878, and makes up a large part of the data. The information considered most relevant was translated into English.

Originally my goal was to conduct more than two interviews, but as the focus of the study shifted to a theoretical study of ideas, I decided that the interviews are going to be used merely to account for the process of implementation and to explore some of the reasons for the decisions regarding the program design. I attempted to carry out three interviews with persons involved in the creation of the program. The goal was to interview the former co-director Irene Novacovsky, the current director (and former co-director with Novacovsky) Pablo Pucciarelli and Gabriela Cerruti (see chapter 5.3). I was able to interview the former two. The interview with Pucciarelli was conducted at his office at the premises of Ciudadania Porteña in Buenos Aires, while the interview with Novacovsky was carried out through Skype after I had returned to Finland. Both interviews lasted approximately forty minutes. Arranging the second interview was highly challenging. After several failed attempts and six months I succeeded in arranging the interview through with Novacovsky through Skype. I never received a response from Cerruti. Additionally, an interview that Novacovsky has given to the International Poverty Centre is used. The source does not include a date of the interview; therefore it will be referenced as (Novacovsky, Interview IPC). The interviews were semi-structured⁶⁴, conducted in Spanish, transcribed and translated into English. The data

⁶³ buenosaires.gob.ar/areas/des_social/ciudadania_portenia/

⁶⁴ Meaning that a certain predetermined structure was followed, but the method allowed for taking up new themes and asking follow-up questions (Hirsjärvi & Hurme 2001, 47).

from the website, observations and interviews was then categorized to different themes partly corresponding with the essential design features of CCTs established in chapters 4.3 and 4.4, while creating two new angles for the exploration of CP.

Some personal conversations that I had with the officials of Ciudadania Porteña are included in the research data. All people I spoke to were aware that I was conducting research and were fully informed that the information passed on to me may be used. However, these discussions are cited anonymously and will be referenced as (Conversations with CP officials).

The analysis of the interviews was conducted from a “fact perspective”, which understands the information collected as a testimony of reality, and by using content analysis. The fact perspective is characterized by its narrow view on the significance of “facts” and “information”. (Alasuutari 1999, 90-91.) I considered the interviews to contain *information* and *interpretations* of past events and political choices. In other words, I was not interested in the rhetorical nature of the interviews, but focused solely on the content of the information provided by the interviewees. While doing so I acknowledged that persons so closely affiliated with the program are unlikely to be highly critical regarding the program, and that the program is going to be portrayed ideally. But as this study deals with the *idea* of conditional cash transfers, my interest was in the theoretical principles and the way the program is portrayed, I did not find it problematic to interview only the creators and directors of the program.

Originally I identified four reasons why I chose Ciudadania Porteña as the case in my study. *First*, disregarding the evaluations done by the Argentinian authorities I could not find a single mention of CP in existing literature. It was not mentioned in the articles about Latin American CCTs, and it was absent from research on the social policy system of Argentina. *Second*, unlike most of the programs, which are national, CP is the program of an autonomous city, Buenos Aires, thus focusing exclusively on urban poverty in one city. *Third*, CP appeared to exhibit all the basic characteristics of a Conditional Cash Transfer program and could be considered a representative of the phenomenon. *Fourth*, I got an opportunity to live in Buenos Aires.

The data gathered through the website, interviews, observations and conversations makes up the structure of chapters 5.3 and 5.4, which aims at exploring some of the factors that led to the establishment of a conditional cash transfer program in Buenos Aires as well as examining the established conditional cash transfer program as a policy solution.

5.2 The local context

The Argentine Republic (República Argentina) is located in southern South-America bordering Brazil, Uruguay, Bolivia and Paraguay. It is the second largest country in Latin America in terms of size and third largest in terms of economy. It has a population of 41 million. In development measurements, Argentina scores very high in comparison with other countries in Latin America. Argentina ranks 45th in the world in Human Development Index and second in Latin America behind only Chile. The gross domestic product is 11 340 euros per capita⁶⁵, 462.3 billion in total. (Malik 2013.) The City of Buenos Aires is the capital of Argentina, located on the western shore of the river La Plata (Río de la Plata). The official name of the city is Ciudad Autónoma de Buenos Aires, Autonomous City of Buenos Aires (CABA). With the population of 2 890 151 it is the largest city in Argentina and together with the 24 municipalities of the Greater Buenos Aires make up the third largest metropolitan area in Latin America with a population of 12.8 million (INDEC 2010). Although physically situated in the province of Buenos Aires, the city of Buenos Aires is autonomous as its name suggests.

5.2.1 Social policy and social protection in Argentina

As demonstrated in chapter 2.2, Argentina is considered one of the pioneer countries in Latin America regarding the evolution of formal social policy and social protection measures. Labelled an “early developer” Argentina and other similarly developed regions in LA⁶⁶ established their social policy institutions predominantly as a response to the growing number of immigrants turned urban salaried workers. This was an exceptional development path in LA where most other countries followed the “classic colonial” pattern, where the early welfare institutions were born from large worker concentrations based on plantations, estates and state owned enterprises. (Draibe and Riesco 2007.)

With the creation of a major nationwide network of public schools in the late nineteenth century (Faur 2008, 6), the earliest *social protection* measures established in the 1920s (Mesa-Lago 1991, 2007) and extensive public health clinics created after the second world war (Faur 2008, 7) Argentina had established a welfare regime that Franzoni (2008) has described as “stratified universalism” with extended policies for the core labour force, but little to those outside the labour based schemes. Reflecting Argentina through Esping-

⁶⁵ Adjusted according to the purchasing power parity.

⁶⁶ Namely Uruguay and cities such as Sao Paolo. It was the Río de la Plata region that was the concentration of urban workforce in Argentina and Uruguay.

Andersen's welfare regime framework, Barrientos (2004) states that the country has undergone a transition from a mainly conservative regime to a typically liberal one (see chapter 3.4). Writing in the aftermath of the 2001/2 economic crises his analysis does not account for the recalibration that has taken place since then.

The major expansion of social policies took place under the government of Juan Perón during the developmentalist-state era in the 1940s and 1950s. Argentina's first Health Ministry was founded during the first⁶⁷ Peron era (1946-1955) and the universalistic nature of education was being extended to the health sector. Argentina based its health care system mainly on contributory *Obras Sociales*⁶⁸, and other labour union administered health plans, while also developing a complementary public system. (Faur 2008.)

Led by Peron, the Justicialist Party that governed the country established a welfare model based on adult participation in the formal labour market, extensive public health and education services with a systematic policy of protection for the poor (Faur 2008, 7). On the other hand, Repetto & Dal Masetto (2011, 7) write that with the emergence of *peronism*⁶⁹ in the 1940's the social protection measures became identified with the protection of workers in the formal labour force and contributory social security, with no mention of a systematic policy to protect the poor. What is clear though is that during the Peron era, the state established a role in both providing and regulating contributory social protection. Depending on whether you ask Faur or Repetto and Dal Masetto, the state established either a comprehensive social protection system, covering both formal labour force with contributory social insurance and the poor with a systematic policy of protection, or a system mainly covering the formal sector workers.

While Peron's first presidency saw the state establish a developmentalist economic policy with social policies in a central role (see Draibe and Riesco 2007), the military dictatorship that got its start in 1976⁷⁰, came to replace the developmentalist model by destatization and deregulation. The era was characterized by economic turmoil, and the economic shocks and outright attacks on labour organizations resulted in an erosion of social protection (Faur

⁶⁷ Juan Perón served three terms as president of the republic 1946-52, 1952-55 and 1973-74. He spent the time between his second and third terms in exile.

⁶⁸ Contributory labour union based organizations for providing health care services.

⁶⁹ A political movement based on the legacy of Juan Perón.

⁷⁰ Argentina returned to democracy in 1983.

2008, Romero 2002), while marking a beginning of the deteriorating overall living conditions (Repetto & Dal Masetto 2011; Romero 2002).

After the return to democracy in 1983, government policies were focused on stabilizing the economy and tackling inflation. The Alfonsín government adopted an *Austral plan* changing the currency from peso to *austral* in an effort to stabilize the economy short term to enable deeper structural changes, but the inflation returned quickly. Alfonsín resigned five months before the end of his second term amidst hyperinflation, riots and looting, and was replaced by Menem, who had won the 1989 presidential elections, but wasn't scheduled to take office until the end of the year. Menem, in turn, attempted to take control of the hyperinflation through a *Convertibility Plan*, replacing the austral with a convertible peso fixing the peso-dollar exchange rate to 1:1, but with equally inefficient results, and during Menem's administration Argentina's public debt grew significantly. (Romero 2002.)

The last two decades in Argentinian social protection can be divided to two different periods (Faur 2008; Repetto & Dal Masetto 2011). *The first one* starts in the 1990's and continues until the start of the crisis of 2001. This period is characterized by privatisation of social security, transferring health care and educational responsibility to the provincial governments and the multiplicity of targeted and small-scale measures to tackle poverty and social vulnerability. Followed by hyperinflation of 1989 and 1990 and most recently the devastating crisis of the years 2001 and 2002. The consecutive political and socio-economic crisis of the past decades contributed to dismantling the collective perception of social protection and new focus on poverty, vulnerability and their connections to informal labour has appeared (Repetto & Dal Masetto 2011). Historically Argentinian social protection has centred heavily on contributory systems, but these have lost their integrative capacity and the ability to protect against social risks. This was particularly apparent in the aftermath of the crisis. (Faur 2008; Repetto & Dal Masetto 2011.)

The second period started after the economic, political and social meltdown of 2001 and is notably different from the first. It is marked by re-nationalising the pension funds, strengthening the states presence in areas of education and health, the unifying of the poverty fighting measures, as well as by a step towards more inclusive social security in combining

contributory and non-contributory social protection instruments. The crisis of 2001-2002⁷¹ marked a turning point for social protection and a move away from the orthodox neoliberal economic model by the Menem administration of the 1990's. Following the crisis, the Argentinian economy recovered quickly and grew steadily at an average rate of 9 per cent from 2003 to 2008⁷². The international financial crisis of 2008/09 ended the rapid growth, but the economy quickly recovered to around 7 per cent annual growth in 2010, which was coupled with a substantial increase in formal employment. (Repetto and Dal Masetto 2011; ILO 2012; Faur 2008.)

Although the number of workers in formal employment grew substantially, thus increasing the contributory social protection coverage, the more significant change occurred in the emergence of non-contributory social assistance programs. The unifying of the poverty fighting measures in combining contributory and non-contributory social protection instruments led to a more horizontal social protection coverage. The contributory social protection measures that guaranteed pensions, unemployment coverage and family allowances to the workers of the formal sector provided by the state and the trade unions, have been deemed inefficient in tackling poverty arising from unemployment and widespread informal labour. To address poverty arising from labour market informality, as well as situations where a person has never entered any labour market, non-contributory pensions and non-contributory social assistance instruments emerged. (Faur 2008; Repetto & Dal Masetto 2011.)

5.2.3 The political context in CABA

The autonomy of the city of Buenos Aires (Ciudad Autónoma de Buenos Aires, from here referred to as CABA) was an outcome of an agreement between then President of the Argentine Republic, Carlos Menem of the peronist Partido Justicialista (PJ) and the opposition leader and former President Raúl Alfonsín of the Unión Cívica Radical (UCR). The agreement, known as Pacto de Olivos (Olivos pact), was the basis of the constitutional reform executed in 1994, which allowed two consecutive presidential terms, thus enabling Menem to run for re-election, in exchange for cutting the presidential term from six to four years and granting autonomy to CABA, a traditional stronghold of UCR. (Natale 1994.) PJ and UCR had held a firm

⁷¹ According to Martin Feldstein, a Professor of Economics at Harvard, the overvalued fixed exchange rate coupled with an excessive amount of foreign debt were the two proximate causes of the Argentine crisis (2002, 8).

⁷² Although the extremely low starting point contributed to the growth numbers.

grip on Argentine politics since the return to democracy in 1983 and the pact was in part created for the UCR to regain control of the city that had become controlled by the PJ party machine. Pacto de Olivos and the constitutional reform left Argentina in a political situation where PJ held national power, while CABA transformed into a counterweight to the nationally powerful PJ. (Fenwick 2011, 4-5.)

While Menem won the presidential re-election in 1995, the UCR candidate Fernando de la Rúa won the first mayoral elections held in CABA in 1996. Since 1995 space had been growing for an opposition force, both at the national and at the CABA level, and that space would be filled by FREPASO⁷³, which was formed by dissident members of PJ and UCR, the Unidad Socialista party and other leftist groups. Never gaining the national following of PJ or UCR, FREPASO nevertheless established a centre-left alternative for the two traditional parties, putting emphasis on social problems and on ethical and political questions such as institutional degradation and corruption. After having formed a working relationship in the city of Buenos Aires, UCR and FREPASO joined forces to form The Alliance for Work, Justice and Education⁷⁴ in 1997. Running on the *Alianza* ticket, Fernando de la Rúa won the presidential elections in 1999 and Aníbal Ibarra triumphed in the mayoral elections of CABA in 2000. Both were elected in the midst of a “great depression”. (Fenwick 2011; Romero 2002.)

Having won⁷⁵ the 2000 elections, Ibarra took office in CABA amid the economic crisis and saw the socio-economic situation deteriorate during his first year in office, with December 2001 seeing the combining and escalation of the economic and a political crisis. In late November the government had freezed all bank deposits⁷⁶ resulting again in riots, looting and demonstrations. De la Rúa was ousted⁷⁷ from Casa Rosada, seen off by mass protests outside the presidential residence that were brutally suppressed leaving several dead and wounded. (Romero 2002.) According to Fenwick (2011, 5) CABA fragmented politically after the 2001 fiscal implosion. The city was no longer controlled by the traditional PJ party machine and the traditional political forces had been discredited, so a political vacuum emerged that left room for new local political actors with the 2003 elections serving as a *radical turning point*

⁷³ Frente por un País Solidario.

⁷⁴ Alianza para el Trabajo, la Justicia y la Educación.

⁷⁵ With a clear margin over Menem's former Minister of Economy, the aforementioned Domingo Cavallo.

⁷⁶ A measure referred to as the corallito.

⁷⁷ He escaped on a helicopter and was followed in office by two interim presidents during the course of two weeks, until Eduardo Duhalde (2002-2003) took office on January 2nd.

representing an intense localization of party politics that would shape the city's future and the behaviour of its political actors. The localization of party politics was reflected in the independent nature of the campaigning and the following interparty coalitions. The incumbent mayor Ibarra campaigned on a coalition of four parties⁷⁸, one of which was the newly elected President Nestor Kirchner's FPV, with fighting poverty and defending social rights as the unifying theme between the parties. As much of the violence, demonstrations urban unrest that occurred during the 2000-2001 crises took place in CABA and the surrounding greater Buenos Aires, it created a need to emphasize social justice on the city's agenda. (ibid.)

Poverty hit its peak immediately following the social unrest. During 2002 Argentina experienced the highest poverty rate in its recent history: 54 per cent of the total population were under the poverty line and almost one fourth were under the line of indigence (Campos, Faur & Pautassi 2007). To counter the worst effects of the crisis the federal government launched an employment program, the *Plan Jefes y Jefas de Hogar Desocupados* (Program for Unemployed Male and Female Heads of Households, PJJHD). PJJHD was a national workfare program introduced nationally in April 2002 to alleviate the impact of rising unemployment due to the worsening economic crisis. A stipend of 150 Argentine pesos (approximately 40 euros at the time) per month was provided to an unemployed head of household in exchange for participation in 20 hours of work per week in a workfare subproject⁷⁹. The program reached 16 per cent of all Argentinian households, a never before seen scope for a non-contributory social assistance program. PJJHD had two articulated objectives: to supply a minimal monthly income to all unemployed families, as well as to secure families' right to social inclusion and future labour reinsertion through involvement in productive, communal or educational activities. The conditions were, in turn, assumed to encourage a "real work culture", and reduce the vulnerability of families. (Tabbush 2009.) Along with the official attempts to promote work culture, the language used to frame PJJHD drew from the legacy of the strong labour movement emphasizing workers rights, while the beneficiaries were depicted as victims of neoliberalism and the economic crisis (Fenwick 2013, 159-160).

⁷⁸ The ARI, the Socialist Party, *Frente Grande* and FPV

⁷⁹ These included for example community services, minor construction, repair, expansion, maintenance or remodeling of schools, health facilities, basic sanitation facilities, small roads and bridges, culverts and canals, community kitchens and centers, tourist centers, low-cost housing (Tabbush 2009).

However, after being elected President in 2003 Nestor Kirchner (PJ) attempted to replace PJJHD that had been implemented as an emergency program under the preceding president Eduardo Duhalde (PJ). The official plan of the Kirchner administration was to terminate PJJHD and build a conditional cash transfer program. The idea for this type of policy solution came from Mexico⁸⁰ and was supported by Inter American Development Bank (IADB) (Fenwick 2013, 153). The idea to build a CCT materialised in 2004, when the national government launched *Programa Familias* (Families for Social Inclusion, Familias para la Inclusión Social, PF). It was based on reformulating the program *Programa de Atención a Grupos Vulnerables* (PAGV, Programme to Serve Vulnerable Groups) that had been running since 1996 and been reoriented in 2001 with incorporation of an income transfer component *Ingreso para el Desarrollo Humano* (IDH, An income for Human Development), creating a PAGV-IDH that was operational from 2002 to 2004. At this point the central components of what would become Programa Familias in 2004 had been established. The beneficiaries were households living in poverty with under 19 year old children, the transfer was a fixed amount, calculated to each household according to the number of children, and was conditioned on children's school attendance, health check ups and activities related to personal improvement of the beneficiary women. The subsidy was granted to mothers, who were eligible only if they had not finished secondary school. (Campos, Faur and Pautassi 2007; Faur 2008.)

As a workforce program PJJHD evaluated the eligibility of the possible beneficiaries based on their employability. PJJHD was supposed to be replaced by three new programs: a food program⁸¹, a workfare program⁸² and PF. Specifically, the strategy was that PJJHD beneficiaries who were considered "employable" would move on to the first two, while those beneficiaries (women) categorized as "unemployable" by the Ministry of Labour and Social Security would be encouraged to "migrate" to PF. (Faur 2008.) The migration never happened in the scope intended. When the program was launched in October 2004 the Ministry of Social Development expected to enrol 750 000 "single-mothers"⁸³ during the first six months (Campos, Faur and Pautassi 2007; Faur 2008), but throughout its existence PF never reached more than 700 000 beneficiaries (Fenwick 2013).

⁸⁰ Based on interviews conducted by Fenwick 2013.

⁸¹ By the name of *Hambre mas Urgente*.

⁸² By the name of *Manos a la Obra*.

⁸³ The term was used at the Ministry's website, cited in Faur (2008, 31)

Although PJJHD did not enrol new beneficiaries after 2002 as it was supposed to be terminated, the program continued to make payments until 2009 when *Asignacion Universal por Ijo* (AUI, Universal Child Benefit) replaced both PF and PJJHD at the national level. Kirchner was never able to successfully dismantle, reform, or transform PJJHD and turn PF the only national social assistance program. The program had the non-intended effect of being used for clientelistic means⁸⁴, while creating powerful interest groups⁸⁵, mostly composed of workers who had lost their jobs during the 2001–2002 crisis. The size and importance of this interest group contributed in Kirchner's difficulties to dismantle and discontinue the programme. (Fenwick 2013.) But while the national conditional cash transfer program was never able to institutionalise, it was still active and running in 2005 when another CCT, with almost identical program design, was launched in Argentina, this time in the capital, the Autonomous City of Buenos Aires.

5.3 Establishing a CCT in Buenos Aires

The Autonomous City of Buenos Aires is a wealthy city with fiscal, political and administrative autonomy from the federal government and it is therefore in a position to run its own social policy programs, although the programs of the federal government also operate in the CABA territory. The former director and one of the creators of the program Irene Novacovsky noted:

“Buenos Aires has a big budget, but it is a rich city characterized by large levels of inequality and we felt that the city needed an instrument for distributing income. After the crisis we realised that social protection was needed as social policy was very fragmented with small scale programs”. (Interview 29.1.2014.)

When CABA entered into the planning stages of its own social assistance program, the national conditional cash transfer program Programa Familias had been established, but for some reason Programa Familias was not implemented in the Autonomous city of Buenos Aires.

⁸⁴ Powerful and organized local groups, municipalities and social organizations presented community-based projects to the federal government to be financed by PJJHD (Fenwick 2013).

⁸⁵ The groups were highly organized by union leaders, political activists and politicians, mainly at the local level (Fenwick 2013).

“At the time Programa Familias did not prioritize Buenos Aires, it prioritized urban centres with worse incidents of relative poverty. It was a national decision not to expand PF to CABA. Programa Familias changed totally when the mothers (from Jefes y Jefas) with under 18 year old children were allowed to move to PF, it became a vehicle for integrating people from Jefes y Jefas and did not take any more beneficiaries” (Novacovsky, Interview 29.1.2014.)

The initiative for a local program was said⁸⁶ to come from Jorge Telerman, whose name is present at all stages of the creation of Ciudadania Porteña. When he was the acting minister of human and social rights in CABA, Telerman presented a bill to create the program, which was supported by Ibarra and included in his 2004 budget. Later Telerman, vice-chief of the city government at the time, assigned his chief of cabinet Gabriela Cerruti, to put together a team of experts with a task of designing the program. And when the law 1878 that established CP was passed, Telerman presented it as the mayor of the city. (Novacovsky, Interview 29.1.2014; Fenwick 2011, 7.) However, it was Cerruti who became the political driving force behind Ciudadania Porteña (Novacovsky, Interview 29.1.2014).

The team that was convened included the future directors of the program Pablo Pucciarelli and Irene Novacovsky among others. It consisted mostly of the same members that had worked together since 1996 in SIEMPRO (Sistema de Información, Evaluación y Monitoreo de Programas Sociales⁸⁷) in the field of social policy at the national level. It was this group that had been responsible for the initiative on income for human development (Ingreso para desarrollo humano) (Novacovsky, Interview 29.1.2014), a proposal that was later integrated to PAGV and eventually became Plan Familias in 2002 (Campos, Faur and Pautassi 2007), thus the team had already created one conditional cash transfer program.

The consensus was that it was necessary to totally transform the dynamics of the local social policy system that was perceived as fragmented and clientelistic. The aim was to establish legitimacy for the program proposal through collaboration via debates at the city level, seminars and specific courses that were organised to discuss policy proposals. The team assigned to create the program participated in various national and international seminars in order to compare different intervention and evaluation strategies along with other programmes of similar characteristics. NGOs, academic groups, technical groups from

⁸⁶ See Fenwick 2011, 7.

⁸⁷ System of information, evaluation and monitoring of social programs.

different national and city level ministries and legislators participated. (Novacovsky, Interview 29.1.2014; Agosto et al. 2012.) Also a big international seminar was organized with participation from officials of Oportunidades and Bolsa Família. In addition a social council⁸⁸ was formed with the most important civil society organizations, churches and universities. The importance of basing the program on a law that protects Ciudadania Porteña rose from these discussions. (Novacovsky, Interview 29.1.2014.)

Novacovsky (Interview IPC) states that the ideal model would be that the national government in Argentina could establish a mechanism for social security, which would let the whole population; particularly children, adolescents and the elderly have access to a basic income. *“However we do not live within the context of this model due to the limitations of the federal government. Argentina has a national social security system used to pay retirement, pensions and family benefits. But in a federal government we find no social security mechanisms.”* In the absence of basic income at the federal level and failure of Programa Familias to integrate people from the Autonomous City of Buenos Aires, the city created a non-contributory social assistance program of its own. The following chapter will examine the policy solution that was created.

5.4 An overview of Ciudadania Porteña

The Program Ciudadania Porteña “Con todo Derecho” is based on law 1878 of the Legislature of the Autonomous City of Buenos Aires. It was launched by the Ministry of Social Development and became operational in November 2005. CP is a targeted non-contributory social assistance program benefitting 58 744⁸⁹ households. It provides a cash transfer to beneficiary households on the conditions that children and adolescents attend school and regular health check ups. The benefit is paid to female heads of households and is 788 pesos

⁸⁸ The Social Council was created in December 2004 as a permanent collegial body and was composed of representatives of the city government and from the following organisations: Arquidiócesis de Buenos Aires-Pastoral Social, Federación Evangelista de Iglesias, Centro Islámico de la República Argentina, Asociación Mutual Israelita Argentina, Cámara Argentina de la Construcción, Central de Trabajadores Argentinos, Confederación General del Trabajo, Facultades de Derecho, Ciencias Sociales, Ciencias Económicas y Arquitectura de la Universidad de Buenos Aires, Facultad Latinoamericana de Ciencias Sociales and Sociedad Central de Arquitectos y Unión Industrial Argentina. (Agosto et al. 2012)

⁸⁹ Programa Ciudadania Porteña – Con Tofo Derecho (2012) Informe del Área – Atención al Público 2012.

(71 €) on average. (CP Website. Descripción del programa⁹⁰, accessed 18.5.2014.) The program is designed from a perspective of rights, and aims at establishing a mechanism of redistribution, at breaking the intergenerational cycle of poverty and guaranteeing the right to exercise ones citizenship. (Novacovsky, Interview IPC⁹¹.) As the creators of Ciudadania Porteña had already created one conditional cash transfer in the form of Programa Familias, they had the opportunity to learn from the first experience with CCTs. Novacovsky stated in an interview (29.1.2014) that the design of Ciudadania Porteña is very similar to PF, with the exception of some fundamental differences the creators thought were improvements to the design that they learned from experience.

Chapters 5.1, 5.2 and 5.3 have dealt with the context and the background of the program. This chapter continues by examining Ciudadania Porteña, a particular conditional cash transfer program, pertinent to a certain context and a result of a certain chain of events. Therefore Ciudadania Porteña is approached as an exemplary analytical unit, tied to a certain time and space. It was studied as empirical proof of the conditional cash transfer phenomenon, with the aim of providing a concrete example of how the social policy idea of conditional cash transfers has been put into effect.

The aim of this chapter is to assess Ciudadania Porteña through the essential features of conditional cash transfers, which were established in chapters 4.3 and 4.4: *the benefit, the targeting* and the *conditions*. The purpose is to approach these features as an example of how they have been established in practice, to provide a counterweight for the earlier theoretical examination. In addition to the key design features, two themes will be dealt with in this chapter. During my research I encountered two significant aspects of Ciudadania Porteña that separate it from the basic CCT model. *First*, the professional norms (see chapter 4.2.3) had established a *cash transfer* as the means of payment in conditional cash transfers. However, Ciudadania Porteña does not transfer cash, but the benefit is paid to a debit card, which can be used exclusively in stores appointed for this purpose, and the items that can be bought are predetermined. *Second*, unlike most of the CCTs that are national and play key roles in rural environments, Ciudadania Porteña functions in an autonomous city within a federal state, which brings particular challenges regarding urban poverty and overlapping legislation.

⁹¹ As mentioned in chapter 5.1, Novacovsky's interview with the International Poverty Centre does not contain information about the date of the interview. The full text can be found in: http://www.ipcundp.org/publications/cct/Interview_Irene_Novacovsky.pdf

These themes will be dealt with after *the objectives, the targeting process, the conditions and the benefit* of the program.

The Objectives

According to the law Coidadania Porteña is based on, (Ley N° 1878/2005) the general articulated objective of the Program is to decrease the level of inequality in the city of Buenos Aires. To achieve this, the Program provides a monthly subsidy, aimed at improving the income-level of households living in poverty or indigence. Article two of the law 1878, states that the transfer is aimed at supporting beneficiaries access to alimentation as well as promoting the access to education and health protection for the children, adolescents and their household members, job seeking and reinsertion to the labour market for the adults. The more detailed objectives are:

- To contribute to reducing inequality in the Autonomous City of Buenos Aires, ensuring the overcoming of indigence and significantly reducing the number of households living in poverty;
- To establish an automatic, transparent, objective and direct income transfer to households that fail to meet their basic needs, regardless of their insertion to the labour market;
- To encourage the development of children and youth up to 18 years of age, ensuring their enrolment in pre-, primary- and secondary school and promoting insertion to kindergarten;
- To reduce the school dropout and repetition rates;
- To facilitate the reintegration and/or continuity of youths from 18 to 29 years of age of beneficiary households in all levels of the formal education system (primary, secondary, tertiary, university and non-university);
- To cooperate in the task of eradicating child labour;
- To promote maternal, child and adolescent health care, requiring medical controls that influence the early prevention and detection of disease and risk of death;

- To terminate the intergenerational reproduction of poverty, guaranteeing the social rights and the right to practice ones citizenship;
- To generate mechanisms facilitating access to documentation, which is fundamental to social inclusion;
- To encourage the autonomy and self-esteem of women by assuring them independent income.

The program objectives are very much in line with the general conditional cash transfer model. The basic idea of CCTs is to reduce poverty in the present while generating human capital that will eventually lead to better standing in the labour market and break the intergenerational cycle of poverty. To do this CP promotes education for children and young adults. The objectives share the goal of creating a lasting social protection institution that is objective and free of possibilities for clientelism. Social rights, social inclusion and citizenship are emphasized.

When the team of experts, led by Cerruti, gathered to create Ciudadania Porteña the objective was to create a program that would revive the concept of citizenship. This would mean starting from guaranteeing the citizens' rights, such as alimentation, health and education, established in the constitution of the Autonomous City of Buenos Aires. It would also require that the benefits should be on a level that guarantees the realization of these rights. (Pucciarelli, Interview 1.2.2013; Novacovsky, Interview IPC.) Reviving the concept of citizenship was connected to an acknowledgement of a debt with the society. After the economic crisis the income inequality and poverty levels had risen significantly and the debt could be understood as the state, or in this case the city, taking responsibility of the worsened economic conditions. On the other hand the aim was to create a program that would be innovative, at least in Argentina, in terms of designing the program so that it would not be conditioned on labour market status. The creators of the program did not see unemployment but low income as being the problem regarding poverty. (Pucciarelli Interview 2013.)

In fact, unemployment was not the most pressing issue. The When Ciudadania Porteña was founded in 2005, 45 per cent out of the working population of 5,3 million in the Grand Buenos Aires area were working informally, outside of the formal labour standards, tax system, financial records and/or the pension system. The informality entails exclusion from the social security system by the worker and his/her household (MTEySS, INDEC & Banco Mundial

2007). In other words, nearly half of the working population of Buenos Aires was left without access to any type of social security. The focus on Social rights, social inclusion and social citizenship reflect the need to address the widespread informality.

The targeting process

By the time I started my research in Buenos Aires in November 2012, two registrations for the Program had been carried out. The first registration was held in November/December 2005 and the second one in March/April 2006. In order to apply the applicants needed to present documents and certificates for identity, family ties, health, education and the residence of all the household members and complete an application form. Since the Program favours women as the recipients of the benefit⁹², the application process had to be completed by women over 18 years of age, whether they were heads of their households or spouses. All household members needed an official Argentinian document of identity, whether it was the national document for identity (Documento Nacional de Identidad, DNI) or a document of Temporary Residence (Credencial de Residencia Precaria). Those without Argentinian documentation were able to complete the registration as they received these documents. In order to be eligible as a member of a household, the process of official documentation had to be initiated. (CP website. Descripción del Programa, Accessed 13.11.2012.)

After the registration and application process, the program ran evaluations to determine which households were to receive the benefit. In order to minimise exclusion and inclusion errors, with emphasis on the former, CP devised a selection method combining three simultaneous and complementary procedures: 1) a direct means test or a test of wealth; 2) an indirect means test/a proxy means test and 3) a procedure to correct systematic errors of exclusion and inclusion. The direct means test uses existing information from various data sources. This first procedure is done to ensure that the applicants do not have possessions or other sources of income that would make them ineligible for the CP and to ensure that the data given about the household composition holds true. The first procedure is followed by an indirect means test. This is done by examining the potential income of the household through a statistic model applied to the information provided by the survey conducted by the Single

⁹² In the case of permanent absence or legal incapacity of the mother or the female head of household, the recipient is the father or the male head of household, whenever this is reliably demonstrated.

Beneficiary Registry (RUB⁹³). The RUB-survey is carried out by the city officials through registration forms, and filled by the households that wish to apply for a social program of the Autonomous City of Buenos Aires. The RUB-survey gathers information about the household composition, family relations, marital status, place of birth, health coverage, attendance at educational establishments, the educational level, the inclusion in the labour market, income, household assets, housing characteristics and the possible occurrence of child labour among the members of the household. (Chitarroni, Novacovsky & Wermus 2009.)

Finally a procedure to correct the errors of exclusion and inclusion was conducted. Given the experience with the persistence of inclusion and exclusion errors, a detailed reexamination of the rejected cases was carried out. Based on the earlier evaluations, a series of visits and in-depth interviews with the households were held by the expert staff of the program with the purpose of verifying the living conditions of the particular households. (Chitarroni, Novacovsky & Wermus 2009.) Generally CCTs use two targeting mechanisms, whereas CP goes through a third “filter” to double check if some household that fills the eligibility criteria was left out of the program and whether some household was included that should not have been. According to Chitarroni, Novacovsky and Wermus (2009, 4), the combination of the three mechanisms results in significantly less exclusion errors than in other comparable programs.

In general, Ciudadania Porteña is directed to poor and indigent households living in the Autonomous City of Buenos Aires. Households with income that does not exceed the line of indigence established by The National Institute of Statistics and Censuses (INDEC) by at least 25 per cent are considered indigent. Households with income that exceeds the line of indigence by at least 25 per cent, but does not top the poverty line for at least 25 per cent are considered poor. (Ley N° 1878/2005)

Official Argentinian documents are required from the applicants, but the notion of citizenship in the case of CP does not mean Argentinian citizenship, but residence in the Autonomous city of Buenos Aires. CP promotes access to official documentation, which could be interpreted as an inclusionary policy that is aimed at advancing citizenship rights. On the other hand,

⁹³ Registro Único de Hogares Beneficiarios de Programas Sociales, a department that does not depend on the social fields but on the Presidency of the Ministers' Cabinet. This department regularly conducts surveys in order to obtain a socioeconomic description of households. (Conversations with CP officials 8.2.2013.)

inclusion into Ciudadania Porteña is a time-consuming process, since after the initial registrations no beneficiaries have been able to enter the program directly. Following the initial registrations to Ciudadania Porteña, the new applicants, provided they are approved based on the household socioeconomic situation go through an adjustment period via an in-kind transfer component of CP called Ticket Social. It provides a monthly subsidy of checks that can be used to buy food, hygiene- and cleaning products from the shops appointed by the program. After all documents are in order and the conditions of Ciudadania Porteña have been met, the beneficiaries can advance from Ticket Social to Ciudadania Porteña. (Personal conversations with CP officials 8.2.2013; CP website. Ticket Social, Accessed 25.1.2013.)

The Conditions

After being selected as beneficiaries, a household must sign a charter of conditions thus accepting the following obligations:

- To carry out health checks for pregnant women, children and adolescents;
- To guarantee school attendance for children and adolescents of the household, from 5 to 18 years of age, without exceptions;
- To provide truthful information about the composition and conditions of the household and its members; informing about the changes that occur: deaths, a household member leaving the family unit, incarcerated household members, births, etc.;
- To not leave out information or falsify documents or certificates submitted to the program;
- To make adequate use of the resources provided by the Program;
- To attend the meetings called by the Program.

The charter also states that Ciudadania Porteña is incompatible with all types of engagements (direct or indirect) with the government agencies of the City of Buenos Aires. In the article 10 of the law 1878, the conditions are referred to as co-responsibilities and listed in more detail. Essentially the only conditions that are monitored are the conditions on education. The parallel system with the federal and local health clinics (discussed further under *A CCT of an autonomous city*) does not allow for centralized information gathering (Conversations with CP

officials 7.12.2012). Unlike the health clinics, the schools are similar, so there are no such difficulties in collecting the data for school attendance. The data is collected by hand in each school and registered. There are differences between the *barrios* (neighbourhoods) in terms of how many beneficiaries attend each school; therefore the method of collecting data differs between the barrios. In some schools with few beneficiaries a form is filled when the CP officials visit the school, but in schools with a lot of beneficiaries the forms are filled in advance and the task for CP officials is only to collect them. There is no electronic system for this, so each form is filled by hand. A team of CP officials go on site to every school to verify that the beneficiaries attend, which information is missing, and which information is still needed. (Conversations with CP officials 3.12.2012.)

The conditions of the program are derived from legislation and guidelines established by the Autonomous city of Buenos Aires and it is declared at the program website that inasmuch as the charter of conditions (Carta Compromiso) serves as an affidavit, a failure to fulfil the obligations stated above can lead to partial or total suspension of the benefit. (Ley N° 1878/2005.) The conditions on health-care follow the guidelines established by the pregnancy-preventive health care and child care system, while education in CABA is obligatory from pre-school to the end of secondary school/high school. “*We are not asking anything outside of what legislation has already established*”, Pucciarelli confirms (Interview 1.2.2013). Novacovsky has stated that the conditions are inflexible, and in this way the program shows respect for children’s rights. In CP’s case, although the conditions on health and the attendance in the meetings called by the Program is explicitly announced in the program publications, the only conditions that are actively monitored are the ones on children’s school attendance. In essence this means that receiving the benefit is conditioned on following the law that makes school enrolment and attendance mandatory. If a beneficiary household does not include children, there are no conditions regarding education and health.

In conclusion, three types of conditionalities can be found in the program. 1) The conditions on entering the program 2) the conditions on staying in the program and 3) the conditions on what the beneficiaries may do with the benefit (discussed further under *Tarjeta de compra*).

The Benefit

One of the things the creators of the two programs learned from PF was not to allocate a fixed benefit for everyone. Novacovsky (Interview 29.1.2014)) notes that the benefits of CP are

much bigger than in PF, and the benefit of PF would have been outdated as it was small and did not have an impact. In Ciudadania Porteña the transferred amount is calculated based on the socioeconomic composition of the household and the value of the Basic Food Basket (CBA, Canasta Básica de Alimentos) established by the National Institute of Statistics and Censuses (Instituto Nacional de Estadísticas y Censos, INDEC) and therefore is not equal to all households. The benefit amount is indexed according to the changes in the value of the food basket. This has led to the benefit being increased constantly. When I started my research, the average subsidy was: 249,44 pesos/month, while the minimum was 80 pesos/month and the maximum 800 pesos/month. In January 2014 the average subsidy had risen to 788 pesos/month (71€⁹⁴), the minimum to 336,57 pesos/month (30€) and the maximum 2190,50 pesos/month (198€). (CP website. Descripción del Programa, Accessed 22.1.2014.) In other words, the need to index the benefit has led to it being tripled during the course of approximately two years, while the purchasing power of the benefit has remained the same or decreased.

Runaway inflation is to blame for the increases in the benefit. In Argentina, consumer prices and therefore the value of the basic food basket are monitored by INDEC, and the problem with this is that the statistics produced by INDEC are not reliable. According to the official numbers the annual inflation rate in Argentina during research was around 10 per cent, while the unofficial and correct rate was around 25-30 per cent (Argentina IPC general, accessed 10.5.2014). The official poverty line and the benefits granted by Ciudadania Porteña are calculated based on the basic food basket, which is in accordance with the official inflation rate. The Article 8 of the law 1878 states that the update of the provision is done semi-annually according to the changes in the Canasta Básica Alimentaria (Basic Food Basket). This would mean that the provision and the poverty line would be indexed every six months based on the changes in consumer prices, announced by INDEC. Pucciarelli acknowledged the unreliable statistics INDEC produces and stated that CP has taken them into account when indexing the benefit, and the benefit has been indexed using the unofficial numbers for the cash transfer not to lose its value and effect. (Interview 1.2.2013.)

⁹⁴ Converted to € with a currency converter available at:
<http://www.bloomberg.com/quote/ARSEUR:CUR> (converted 19.5.2014)

In addition to the general benefit, Ciudadania Porteña grants a monthly student benefit worth 400 pesos⁹⁵ (36€). This component was added to CP in March 2008 and goes by the name of Ciudadania Porteña – Estudiar es Trabajar (Studying is Working, EsT). Estudiar es Trabajar is a student allowance for young adults between 18 and 29 years of age⁹⁶. It is possible to apply for EsT when a person is enrolled on any level of formal educational system with official recognition (primary, secondary, tertiary or university) or special education and has been residing in Buenos Aires for at least two years. (CP website. Estudiar es Trabajar, Accessed 2.5.2014.) There are two ways to register for Estudiar es Trabajar. The students' households' eligibility for Ciudadania Porteña determines the eligibility for Estudiar es Trabajar. Most of the applicants are already members of Ciudadania Porteña beneficiary households. If not, the eligibility will be determined, and if the household is eligible, it will enter CP through Ticket Social and the student will receive the Tarjeta de compra for the beneficiaries of EsT. If the students' household consists of just the student, then the eligibility for Et and CP is determined based on the students' eligibility. The new subsidy works as an added benefit and does not decrease the amount that a beneficiary household normally receives. According to the officials of Estudiar es Trabajar, the benefit is generally used for studying at a university and for finishing primary or secondary school after dropping out. (Conversations with CP officials, 4.1.2013.)

The benefit in EsT differs from the general benefit of CP in that the EsT beneficiaries receive a fixed benefit that can be withdrawn in cash. They are handed a similar debit card (Tarjeta de compra) as those receiving the basic benefit, but it can be used to withdraw cash. When ET was first created the students received the benefits in the form of the regular debit card, that could be used only to buy the predetermined items, but it quickly became apparent that this system would have to be changed, since the students could not use the money to buy things they actually needed like books, materials, copy cards etc. It was apparent from the beginning of EsT that the students would need to be able to withdraw cash, but a technical difficulty prevented this. Once the technical issue was resolved, the EsT card could be used for cash withdrawals. (Conversations with CP officials 8.2.2013.) The basic conditional cash transfer model is based on a *cash* transfer. However, with the exception of Estudiar es Trabajar, Ciudadania Porteña does not transfer cash.

⁹⁵ 05/2014

⁹⁶ When Estudiar es Trabajar started, it was directed to 18 to 25 year olds.

Tarjeta de compra

Essentially the only design feature of Ciudadania Porteña that fundamentally differs from the basic design of a conditional cash transfer program is the *Tarjeta de compra*, the debit card that is used make the transfer. The TdC can only be used to buy certain predetermined items like food, hygiene products and cooking fuel in predetermined stores appointed by the program. The view of a program official (3.1.2013) was that there are three different reasons for opting to deliver the benefit via debit card, with predetermined list of items that can be bought, instead of plain cash. *First*, to prevent the beneficiaries from doing business with the benefit in the sense of buying things and re-selling them. *Second*, to prevent intermediaries from intervening in the payment. *Third*, to prevent the beneficiaries from buying "unnecessary" items.

Figure 4. Tarjeta de compra.



The authorities involved in the creation of the program considered that the precharged magnetic card Tarjeta de compra would be a way to guarantee that the benefit would be directed to alimentation and other things written in law. In this way the basic rights to would be guaranteed and any other income the household receives could be used in any way the household chooses. (Pucciarelli, Interview 29.1.2013.) The monetary transfers are carried out through Banco Ciudad de Buenos Aires (The Bank of Buenos Aires). The transfer is made by crediting the predetermined amount to the bank account created for the purposes of the program. (CP website. Descripción del Programa, Accessed 23.11.2012.)

As mentioned above, the debit card in Estudiar es Trabajar works differently. It was noted that the students were unable to buy many necessary items they needed for studying. The students weren't in dire need of cooking fuel, but needed copy cards and books, which were often not available at the stores and, anyway, were not on the list of predetermined items. When these difficulties became apparent, the design of the TdC in EsT was changed so that the students could withdraw cash. (Conversations with CP officials 29.1.2013.)

Although the items that the beneficiaries can buy with the TdC are predetermined, in some cases the stores sell things outside of the limits of the card and end up losing their license. COTO-supermarket is the only store providing updated information about the purchases of the beneficiaries, therefore it is possible that some stores would exchange the amount of "credits" on a TdC to cash or let the beneficiaries buy things outside of the predetermined list. (Conversations with a CP official 1.2.2013.)

When asked about whether the fact that CP does not actually transfer cash has something to do with preventing clientelism, the director Pucciarelli replied *"Exactly, the program was designed, as much as possible, to prevent every opportunity for political clientelism or intermediation"*. Pucciarelli points out that as it became clear that the program is transparent and the system works, the problems of clientelism and the intermediaries disappeared, and states that he doesn't believe there to be any beneficiaries who would be receiving benefits due to political, institutional or social pressure. (Interview 1.2.2013.)

When the program was created the Tarjeta de compra was chosen as the right method for the income transfer. The director Pucciarelli points out:

"If the payment method would be changed today it would be highly difficult and require a lot of resources. There are 70 000 cards that had to be delivered to 70 000 households and at that time this was an enormous task for us. We had to use the Argentinian postal network and a lot of resources from other ministries to execute the process. So the operational impediments to changing the 70 000 cards creates concrete limits to changes in this regard. But although we haven't returned to discussing the payment method since it was originally established, nothing indicates that we couldn't do it in the future". (Interview 29.1.2013.)

It appears that the decision to use Tarjeta de compra as the means of payment was a decision made outside of the team of experts convened to create the program. Pucciarelli notes that if

the decision would have been solely his he would have chosen a card that permits the buying of the predetermined things and withdrawing money and continues that:

“The evaluations show that the beneficiaries know perfectly well how the resources administered by the program should be used, therefore if you ask me, there would be no problem in transferring cash”. (Interview 1.2.2013.)

Novacovsky recalls that there was no consensus on the Tarjeta de compra, but states that:

“It’s not that bad, it protects the legitimacy of the program. Many times the middle-class, media, see these programs as illegitimate, claiming that the beneficiaries use the cash to buy alcohol. We did not think about public opinion, we acted as a technical working group (grupo tecnico), the political decisions were made at the ministry and by the mayor, at the political level they thought about the public opinion and though there might be public resistance regarding cash transfers.” (Interview 29.1.2014.)

A CCT of an autonomous city

Ciudadania Porteña differs from most of the conditional cash transfer programs in that they are national and CP is the program of an autonomous city within the frontiers of a nation state. As a program of an autonomous city, the limits of the program are drawn at the limits of Buenos Aires, which means that the program is implemented in a capital city with a population of approximately three million people. This makes one of the distinctive features of Ciudadania Porteña its urban character, whereas one feature of Latin American social protection in general is the divide in urban and rural populations. While the urban middle class and some blue-collar workers have been able to access relatively generous public protection measures, the rural population and informal-sector workers have not (Haggard & Kaufman 2008). The divide between rural and urban populations is accentuated in programs such as Oportunidades, which started out as a program targeted specifically to address rural poverty and later expanded to cover urban areas as well. While a significant number of beneficiaries in Oportunidades and Bolsa Família, and in most other CCTs, are poor peasants and people from the countryside, CP deals exclusively with urban poverty.

The urban context brings about specific challenges and advantages in comparison with the more countryside-oriented CCTs. First of all, one of the problems identified with the conditions in Oportunidades has been the supply of schools and health clinics. The benefits

are conditioned on school attendance, but in many rural areas the network of schools is scarce and children would have to travel long distances to reach the nearest school. The quality of education in these schools have also been questioned, asking whether the parents have valid reasons for not sending their kids to school in the first place (Hanlon et al. 2010). In Buenos Aires, the quality of education may differ, but the school network is extensive⁹⁷. The health clinics present a problem regarding monitoring conditions. This is related to overlapping legislation.

The second significant theme arising from CP being a program of an *autonomous* city is the overlapping of legislation between the state of Argentina and CABA. If the national and local legislations are in conflict, the national legislation overrides the local CABA legislation. In my research I encountered two noteworthy themes arising from the city-state relationship: 1) controlling the conditions on health, 2) the effects of national legislation and overlapping social assistance programs.

First, Ciudadania Porteña has various different conditions regarding health and education, but the conditions on education are the only ones actively monitored. The conditions on health are not implemented in the same capacity as the conditions on education due to the difficulty of this task. When a person is applying for the program, a health certificate is required from all household members, and the beneficiaries are asked to present a health certificate when approaching the program in some capacity, but the benefit will not be reduced if a health certificate is not delivered according to the schedule on health conditions. This is due to the lack of cohesive data from the health clinics in the city. Part of the problem is that some of the healthcare centres are administered at the national level, while some are administered by CABA, which makes regulating the health check ups a difficult task due to the overlapping systems. Additionally I was told by that the health clinics that organise the health check ups find themselves in a difficult situation when 70 000 beneficiaries need to acquire medical certificates at the same time. (Conversations with CP officials 2.1.2013.)

Second, another issue related to monitoring compliance with the conditions has to do with federal legislation, that obliges the program to take into account the presence of under three year olds in the beneficiary households. This is due to a national law known as ley de San Martin (The law of San Martin), according to which under 3 year olds and pregnant women

⁹⁷ See: http://www.buenosaires.gob.ar/areas/educacion/establecimientos/?menu_id=10194

must be supported. The benefit may be reduced if a member of a beneficiary household fails to meet the conditions on education, but will not be suspended entirely if there are under 3 year olds in the household. The law is national, so the program cannot override it, if for some reason it would wish to do so. (Conversations with CP officials 2.1.2013.)

One of the things that I noticed as I started to my fieldwork was that many beneficiaries came to submit papers dealing with either abandoning CP because of *Asignacion Universal por Ijo*, or applying for CP after resigning from the AUI child allowance. I was explained that this is a result of overlapping legislation. The fact that Buenos Aires is autonomous creates overlapping in the social protection systems with the national level. According to the national legislation CP is not compatible with the national social assistance programs. Therefore, if one wishes to claim CP, he/she is no longer eligible for the national child benefit *Asignacion Universal por Hijo*. The reason is national legislation: it is *Ley Asignacion Universal por Ijo* that makes CP and AUI incompatible.

“When Asignacion Universal por Ijo was established we didn’t consider the two programs to be incompatible, but the state decided that they are not compatible. They are the ones that cancel the benefits from the recipients of Ciudadania Porteña, not the other way around. We tried to seek alternatives, for the programs to be compatible, but the state was determined to keep the programs incompatible.” (Pucciarelli, interview 1.2.2013.)

The incompatibility of the programs may lead to cases where a person is excluded from what has been articulated as a right in the re-formulation of citizenship. I observed a case where a former beneficiary had been asked to submit documents in January 2012 but had not done so and now wanted to re-apply for the program. The program rules permit one interview per year for those applying or reapplying for the program, so in December 2012 the mother approached CP again. Her daughter had previously been a member of her household, but had since moved out and was now applying for the national program *Asignacion Universal por Ijo*. The daughter was found ineligible for the child allowance, since she was still registered as a member of a *Ciudadania Porteña* household. (Observation 19.12.2012.)

In conclusion

In an Argentinian context Ciudadania Porteña fills a social protection vacuum in the Autonomous city of Buenos Aires. Starting from a *fragmented and clientelistic* social protection system, CP represents a step towards a more inclusive strand of social policy. On a national scale CP is a marked departure from the workfare model represented by *Jefes y Jefas*, as CP does not have any requirements regarding previous or current labour market participation, representing a more rights-based and unconditional approach to poverty. The idea of CP, and Programa Familias that CP is based on, is different from the current national program *Asignación Universal por Lijo*, a conditional child allowance program that is conditioned on the beneficiaries having children, thus excluding the poor that do not have children. In the context of Argentina, CP and the former Programa Familias, that CP is based on, take social assistance to a more universal direction in comparison to Jefes and Jefas and Asignacion Universal por Lijo. It does not have workfare obligations and it does not require having children.

In terms of conditional cash transfers, Ciudadania Porteña could be considered a textbook representative of the phenomenon in many ways. Symbolically Ciudadania Porteña is framed from a perspective of social rights and citizenship. These aspects are emphasized at the program website as well as in the discourse of the interviewees. Particularly interesting aspect in this regard is the perceived “debt to the society”. Reviving the concept of citizenship was connected to an acknowledgement that the state, or in this case the city, is obligated to guarantee the means to exercise one’s citizenship. The acknowledgement of a debt echoes the early discussions in Brazil in the 1980s and 1990s about the perceived need to guarantee the citizens a basic income. Ciudadania Porteña is also couched in terms of a social contract between the beneficiaries and the program/city, evident in the use of co-responsibilities instead of conditions.

Table 2. Essential design features of Oportunidades, Bolsa Família and Ciudadania Porteña.

	Oportunidades	Bolsa Família	Ciudadania Porteña
Coverage	6,5 million households, approximately 30% of total population	12 million households, approximately 26% of total population	58 744 households, approximately 25% of total population
Conditions on education	School enrolment, at least an 85% attendance rate Completion of high school	Minimum 85% school attendance rate for children between 6 and 15 years of age	School enrolment and attendance for 6 to 18 year olds
Conditions on health	All household members must comply with the required health centre visits Mothers must attend health and nutrition lectures	Children between 0 and 7 years of age: vaccination and follow-up of nutritional development	Periodic health certificates from 0 to 18 year olds and pregnant women, vaccination records, pregnancy health control card
Targeting method	Geographic, proxy means test	Geographic, means test	Means test, proxy means test, procedure to correct exclusion and inclusion errors
Means of payment	Via debit card	Via debit card	Via debit card, predetermined

Sources: Fiszbein and Schady (2009), Alvarez et al. (2007), Lindert et al. (2007), Soares et al. (2007), Ley N° 1878/2005; Citarroni et al. (2009).

Regarding design features, Ciudadania Porteña is highly similar to the basic model established in Mexico and Brazil. There are technical details, like the use of a third targeting mechanism to correct exclusion and inclusion errors and issues arising from the overlapping legislations of the local and federal level, which were examined above. The only theoretically significant deviation from the idea of conditional cash transfer i.e. the only difference from the basic policy solution is the means of payment in Ciudadania Porteña. The use of Tarjeta de compra could be considered an added condition to the policy model. One of the elements regarding the *cash* transfer, discussed in chapter 4.3.2 is that a cash transfer has the potential to stimulate demand in the economy while providing means for investment and start up capital (Hanlon et al. 2010). Tarjeta de compra is theoretically closer to an in-kind transfer than a cash transfer, because it does not hold this potential and it conditions the use of the benefit to predetermined items. On the other hand, the TdC is considered to bring added legitimacy for the program, as it removes the possibilities of misusing the benefit in the eyes of the *middle-*

class and media in a similar fashion as conditions have been demonstrated to do (see Lindert & Vincencini 2010)

5.4 Implementing Ciudadania Porteña

In this chapter I present an overview of some of the factors that led to the launching of Ciudadania Porteña in Buenos Aires, based on the existing literature and the data collected. The aim is not producing an exhaustive description of *all* the elements that contributed and led to the implementation of CP in its context. I have not had access to interviews with Anibal Ibarra, Jorge Telerman or Gabriela Cerruti. Nor do I have transcripts from the seminars, political debates and social council meetings organized prior to establishing the program. Therefore a thorough analysis of the different ideas and theoretical perspectives that were at play in the formulation of Ciudadania Porteña as a policy solution were not in my reach during this research. The purpose of this chapter is to summarize some of factors that were in play in the city of Buenos Aires at the time of creating and implementing the conditional cash transfer program Ciudadania Porteña.

As Hall (1989) demonstrates, the substantive content of an idea, its estimated potential in solving a problem, is not enough for a policy to be adopted. Policy outcomes are not determined simply by rational actors that operate based on self-interest, and the best idea does not necessarily end up as the one implemented. Administrative feasibility and cost play a role as well as political considerations. Political viability can simply mean the policy idea with the strongest interest groups backing it. A good idea with a strong policy rationale might win over an idea with a strong interest group backing, but this might require a powerful entrepreneur championing a convincing idea. On the other hand, a new policy idea might create support and backing from strong interest groups, either in the form of new coalitions or by causing interest groups to see their interests from a different perspective. This chapter follows Hall's model and deals with *political viability*, *administrative viability* and *policy viability*, with the emphasis on political and policy liability.

5.4.1 Political viability

At the time of implementation, the political situation in CABA was ripe for a social protection program, as Ciudadania Porteña was created and implemented in the aftermath of a political, social and economic crisis. When the process of creating Ciudadania Porteña started in 2004, Argentina had just experienced the worst economic crisis in its history, with severe levels of

poverty and widespread social unrest especially in the city of Buenos Aires. The government had failed, the president had escaped the presidential palace *Casa Rosada* in a helicopter and as Pucciarelli (Interview 1.2.2013) put it, the creators of CP felt that there was a *debt* to pay to the citizens. In these conditions it was clear that something needed to be done to counter the worst effects of the crisis.

Immediately following the escalation of the situation, the federal government had launched the employment program *Plan Jefes y Jefas de Hogar Desocupados*. In 2004, after Kirchner took over the presidency, it launched a conditional cash transfer program *Programa Familias* to replace the Plan Jefes y Jefas, but Kirchner was never able to successfully dismantle, reform, or transform PJJHD and turn PF the only national social assistance program. Nevertheless there was a national CCT in place when CABA decided to launch Ciudadania Porteña.

Fenwick (2011) explains the launching of Ciudadania Porteña as policy competition between the local and the federal level. After the crisis CABA had fragmented politically, the peronist party machine no longer controlled the city and the traditional political forces had been discredited in the crisis, so a political vacuum emerged. New local political actors that were no longer connected to the federal level politics emerged, and the 2003 elections saw an *intense localization of party politics*. She argues that the implementation of CP is most probably an example of “boundary control” that in the context of CABA could be “*Characterized as local politicians who are maximizing their influence over social protection policy to deprive the city’s residents of access to national allies and resources—in order to protect the city’s political and administrative autonomy.*” (ibid. 8.)

The Deputy minister of the National Ministry of Social Development and the director of Programa Familias offered no reasons why Programa Familias was not expanded to CABA, but denied the reasons being political (Fenwick 2011, 7). Novacovsky (Interview 29.1.2014) recalled that the national decision not to expand Programa Familias to Buenos Aires was related to Programa Familias favouring other areas with worse poverty levels. Programa Familias did not take beneficiaries after the mothers from Jefes y Jefas (with under 18 year old children) were allowed to move to PF, and became a vehicle for integrating people from Jefes y Jefas.

Nevertheless, it is unclear whether CP was expanded because of awareness that the national CCT would not be implemented in the city, or, whether it was intentionally expanded to

compete with Programa Familias and thus, attempted to delay its implementation (Fenwick 2011, 8). In other words it is not clear whether the need to establish a social assistance program outside the national level was a result of “boundary control” or simply a pragmatic decision in a situation where the economic crisis had left unprecedented poverty levels and the need to alleviate poverty was not possible through the national program. What is clear is that in the midst of an economic crisis the interim mayor Anibal Ibarra campaigned on a ticket promoting elimination of poverty and defending social rights. Along with the mayor’s poverty agenda, there were strong policy entrepreneurs pushing for adopting a social assistance program. Jorge Telerman was the acting minister of human and social rights and he came up with the idea, he then appointed Gabriela Cerruti in charge of the technical group that was to design the program, and later presented the bill to Ibarra. Telerman later followed Ibarra as the mayor of the Autonomous city of Buenos Aires, and presented the law that established Ciudadania Porteña. Gabriela Cerruti, the political driving force behind Ciudadania Porteña, was put in charge of the Ministry of Human and Social Rights. Whether it was clear that a conditional cash transfer would be established is not clear, but politically the city was in need for a policy to counter the poverty and possibility of social unrest and there were important figures pushing for a program that would do that.

5.4.2 Administrative viability

Assessing administrative capacity in the Autonomous city of Buenos Aires is not within the reach of this study; nevertheless the capacity of the city in implementing a social assistance program is evident. The Autonomous city of Buenos Aires is a wealthy city with fiscal, political and administrative autonomy from the federal government. Due to these reasons it is in a position to run its own social policy programs if it so chooses. CABA did not need external financing or loans from international financial institutions for creating and implementing the program. (Novacovsky, Interview 29.1.2014.) It has the capacity to execute targeting and monitoring conditions⁹⁸, two essential requirements for a conditional cash transfer program. In establishing the program, it was a priority to create a law to protect Ciudadania Porteña, its institutional integrity and continuity. For the same reasons a decentralized mechanism for implementation and evaluation was established. This strategy seems to have worked. Although there was a change in the administration and the current governor of CABA

⁹⁸ The difficulties in monitoring the health conditions is not so much an administrative failure of the program or the city, but a result of overlapping legislation. Although I cannot account for the quality of the data system used in public health services in CABA.

Mauricio Macri, represents political interests contrary to redistribution, the program has not lost a significant amount of resources or been modified in any way from outside of the program.

5.4.3 Policy viability

Taking a look at political and administrative viability can provide us information on whether *a policy* could be implemented, but policy viability gives us information on the potential of a *particular policy* to be implemented. The potential of conditional cash transfers to be embraced by policymakers is essentially the topic of this study, and therefore the most important element regarding this thesis, of the three factors studied in this chapter.

Franzoni and Voorend (2011) show that only a small group of actors, top-ranking officials and policy experts, both domestic and international, have played a key role in policy formulation in Latin America. They refer to these actors as belonging to an epistemic community *sharing a belief in a common set of cause and effect relationships as well as common values to which policies governing these relationships will be applied*. As was argued in chapter 4.2.3, the *idea* of conditional cash transfers has become the norm in poverty reduction strategies among policymakers in Latin America. There are several factors suggesting that the epistemic community had a decisive role in the creation of Ciudadanía Porteña and that cross-national learning influenced the creation of CP (see Franzoni and Voorend 2011: 282).

Ciudadanía Porteña was created and financed without international financial institutions, but the creators of the domestic actors involved in the creation of the program had earlier experience from conditional cash transfers and the international policy community, and gained more experience during the process of designing the program. The technical team that was convened to design the program included the future directors of the program Pablo Pucciarelli and Irene Novacovsky. Pucciarelli knows Oportunidades from working in Mexico for several years (Interview 1.2.2013). Novacovsky, in turn, has worked as a consultant for the Inter-American Development Bank and the World Bank and was involved in the development of Programa Familias. The policy idea for Programa Familias came from Mexico and it was financed by The Inter American Development Bank (Fenwick 2013, 153). Although IFI's did not have a direct role in establishing CP, the technical team learned from the conditional cash transfer programs in an international seminar that was organized during the planning stages of CP with participation from officials of Oportunidades and Bolsa Família. (Novacovsky, Interview 29.1.2014.)

It seems that the policy idea for CP did not come directly from Mexico, but was based on improving the model established in Programa Familias, a program that was based on idea that did come from Mexico. Nevertheless, Pucciarelli cites Oportunidades as an influence in the design of CP as well, but continues, that the scale of Oportunidades is totally different and that it served as an inspiration for the theoretical design of the program, but not as far as the mechanisms of implementation: *"I think CP falls within the new generation of social policy, each program has its particularities, but in terms of the theoretical concepts, we fall within this logic"* (Interview 1.2.2013). As a policy solution Ciudadania Porteña could be considered an improved version of Programa Familias. The design was very similar, with the exception of some fundamental differences that were thought to improve the design (Novacovsky, Interview 29.1.2014).

Although Franzoni and Voorend (2011) see that the epistemic community has been very successful and share the perception of Jenson (2009) and Sugiyama (2011) that domestic and international actors have converged around expert ideas on the *problems* and the desirable *solutions*, they also demonstrate that domestic needs and priorities do play a role in the specific design features of the CCTs. In reference to their research in Chile, Costa Rica and El Salvador, the researchers show that domestic needs and priorities play a role in determining the specific nuances of the design features, but the idea remains the same. As an example Franzoni and Voorend (2011, 290) refer to the Costa Rican program *Avancemos*. By the time the CCT was created, professional norms within the epistemic community had long established it was better to give transfers to mothers. Yet the program initially transferred the money directly to the teenagers that were being targeted. The fact that the money was transferred to the teenagers suggests that the domestic preferences play a role, but also that the idea of conditional cash transfers, the basic policy model, is so strong that the researchers find this minor technical detail to be substantial.

In Ciudadania Porteña's case the decision to use *Tarjeta de compra* as the means of payment is a clear departure from the basic CCT model. In the interviews conducted with the current and former directors of CP, Pucciarelli and Novacovsky both expressed that the decision to use *Tarjeta de compra* as the means of payment was not a choice they had been advocating nor a choice they were particularly pleased with, although both emphasized that it wasn't that bad of a decision. It has been established as a norm to submit the transfer through a debit card in way that the beneficiaries themselves can decide what to consume. The use of *Tarjeta de*

compra would support the findings of Franzoni and Voorend (2011) who suggest that despite the professional norms, domestic factors do play a role in shaping national CCTs.

Although Fenwick (2013) suggest that the rights-based conditional cash transfer model did not appeal to the labour union based social policy tradition, the fact that the idea of conditional cash transfers had failed to institutionalize in Argentina on a national level through Programa Fmailias, but still resurfaced in Buenos Aires when the policy makers were assigned the task to create a program to tackle poverty and inequality, speaks a great deal about the strength of the idea and the hegemonious position it has gained in the battle against poverty in Latin America.

6. Discussion and conclusions

The point of departure for this thesis was that a social policy model based on social investment principles became dominant in Latin America at the end of the 20th century. Conditioning a cash transfer on requirements of human capital accumulation became the prevailing idea on the anti-poverty and development agenda in Latin America and subsequently in other development contexts. The policy model was built to tackle persistent and extreme poverty by attempting to reduce poverty in the short-term and by breaking the intergenerational cycle of poverty in the long-term. In this thesis the idea and the policy model were studied from a broad theoretical perspective with the aim of making two contributions to the research on conditional cash transfers. The primary aim was to examine the underlying theoretical principles and assumptions that have guided the policy formation of conditional cash transfers, while assessing some of the factors that make the policy model so appealing to governments from different ideological backgrounds. The secondary aim was to explore a little-known CCT by using it as an example of how the idea of conditional cash transfers has been implemented in practice.

By examining conditional cash transfers as *policy solutions* and through *problem definitions*, this thesis has focused on the underlying theoretical principles and assumptions on two levels. *The first* being the level of agency and structure in the sense of interplay between individual human agency (in the sense of behaviour) and structural constraints and opportunities. *The second* being the level of welfare production, as some of the fundamental political battles regarding social policy are fought on the role of the state, market and individuals/households should play in the production of social protection, education, healthcare and other social services.

I found that although conditioning a cash transfer to human capital accumulation clearly appears to be the prevailing idea among policymakers, i.e. *there is powerful agreements concerning the nature of the problem at hand as well as the desirable solutions to take care of these problems* (Franzoni & Voorend 2011, 282), it is the substantive content of the idea that allows it to be framed from different, somewhat contrasting, angles and thus allows it to be perceived as a proper solution to various problems, constructed from various perspectives. The multidimensional hybrid policy solution permits the policymakers, politicians, the media

and the public to construct i.e. define the nature of the problem that conditional cash transfers are solutions for.

Conceptually this study has linked the conditional cash transfers to the *social investment* perspective and to the emergence of *social protection* to the development agenda, consequentially representing a departure from the *neoliberal* view of seeing social spending as merely a cost. This study has found that the formulation of the social investment perspective as well as the emergence of social protection to the development agenda has re-legitimized state activity regarding poverty reduction, especially in terms of tackling persistently low incomes and their structural causes (UNRISD 2010, 135). Therefore, in terms of conditional cash transfer programs, the state has assumed a dual role of providing rights-based social protection for those not contributing to a social insurance scheme, while combining this social protection with interventions on human capital accumulation.

However, the rights based social protection and the interventions on human capital holds an idea that the beneficiaries need to participate. It could be concluded that the aspiration to steer the beneficiaries towards activities expected to enhance their children's' human capital reflects a view that poverty is a result of individual behaviour, as opposed to structural failings. An individual's lack of skills to compete in the labour market is identified as a problem and the interest in human agency and the aim to change the behaviour of the beneficiaries can be seen as reflecting distrust in people in managing their own situations. On the other hand, the problem is acknowledged to include a structural element as well, as poverty is seen as intergenerationally transmitted condition with education being the strongest correlated variable for falling and remaining in poverty (Behrman, Gaviria & Székely 2001).

This study has shown that conditional cash transfers are hybrid policy solutions that combine elements from *rights based* social protection, *cost-effective targeted* social protection and economically productive social protection based on *social investments*. In other words, conditional cash transfers are social protection instruments consistent with "market principles" (Rawlins & Rubio 2003) and "new social policies" based on neoliberal prescriptions (Molyneux 2007), while simultaneously "symbolically embedded in a rights-based framework" (Fenwick 2013, 148) and promoting social investments in human capital. Depending on the context, each aspect could be emphasized in legitimizing a CCT politically, thus making them potentially appealing to a wide range of political actors.

The fact that the cash transfer is conditioned may appeal to the political right as making the poor responsible for their situation, whereas the political left might see that the conditions protect the rights of the children and levels the playing field for them in the future by addressing structural inequalities. On the other hand the right might see the targeting a cost-efficient way to reward the deserving poor, whereas the left might see that the scope of the programs as representing a step towards more inclusive non-contributory provision. For some they may be a solution to a problem of lack of citizenship rights, to others they may present a solution to the poor not having internalized society's values and responsibilities. They may be seen as residual and overly paternalistic or as a step towards universalism and state led basic income.

Political economy considerations appear to play a great role in the program design, as suggested by the examples from Brazil and Buenos Aires. As non-contributory social assistance programs, the conditional cash transfers are financed directly from general tax revenue, therefore, for the continuity and legitimacy of the programs, they need to be seen as just by the general public i.e. tax-payers. The findings suggest that framing the conditions as co-responsibilities, thus implicating a social contract between the beneficiaries and the state, legitimize social assistance for the general public as well as for the beneficiaries themselves.

This study suggests that in examining conditions, it is essential to take into account *what* is conditioned and in *which* context. So far the debate around conditions has centred on paternalism and whether it's ethical or not. If the supply-side interventions are considered adequate, children learn at school and do not have to walk dozens of kilometres to get there, and they are treated against diseases at the health clinic, are the conditions categorically unethical, or could they be considered as guaranteeing the children's rights to education and healthcare? Workfare conditions and added behavioural conditions on the parents (read mothers) evoke different ethical questions.

So far governments have adopted the conditional cash transfer model without extensive data on the actual performance of conditions. The lack of existing comparable unconditional cash transfers make it difficult to see whether the increased school enrolment and attendance (Hanlon et al. 2010, 316) is due to conditions, compensating the opportunity cost or some other factor. In order to get comparable results, broader experiments with unconditional cash transfers would be needed.

One thing to consider is that there is no “before and after” information about the beneficiary children. Since the first programs were launched roughly twenty years ago, today it would be possible to assess whether they have reproduced or are on the path of reproducing the conditions from where they started, or has the *accumulated human capital* improved their situation.

The present study has contributed to the research on conditional cash transfers from a theoretical perspective. Its main contribution to the vast literature on CCTs is the analysis on the substantive content of the idea of conditional cash transfers and its potential to appeal to policymakers. In other words, it has contributed to the understanding of CCTs in terms of *policy viability*. This study was limited in its reach in many ways. The main limitations had to do with the case study on Ciudadania Porteña. I had no access to interviews with the political entrepreneurs behind the program implementation, and therefore could not account for the decisions made regarding the specific choices regarding political economy for example. Another significant limitation regarding the case study was that during my observations in Buenos Aires, the focus of the research was slightly different than in the final study at hand, resulting in focusing more on the design features than the discursive process that led to the idea of conditional cash transfer being adopted and implemented. More research is needed on the mechanisms that lead to conditional cash transfers being established, as this would contribute to understanding why there are so few unconditional cash transfer programs in the developing contexts to provide a comparative perspective.

Finally, as the conditional cash transfer model has spread across the borders of Latin America and been locked in as the prevailing idea in the international development community, it will be interesting to see how far will the success of this idea and the professional norms of the epistemic community tilt the focus of European and Scandinavian social protection towards conditioning the transfers on desired behaviour.

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